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# Governor's Executive Budget

## Fiscal Years 2000-2001

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Governor Marc Racicot  
State of Montana

Volume I

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OFFICE OF THE GOVERNOR  
STATE OF MONTANA



MARC RACICOT  
GOVERNOR

STATE CAPITOL  
HELENA, MONTANA 59620-0801

November 15, 1998

Honorable President and Members of the Senate  
Honorable Speaker and Members of the House

Honored Members of the Fifty-Sixth Legislative Assembly:

In accordance with Article VI, Section 9, of the Constitution of Montana, and Title 17, Chapter 7, part 1, Montana Code Annotated, I am transmitting to you my Executive Budget recommendations.

This budget sets forth a balanced financial plan for Montana state government for the 2001 biennium. In order to achieve this balance, hard choices were made regarding virtually every program in state government. I believe that this budget responsibility allocates available revenues to the highest priority programs. There are no general tax increases and we have a long term structural balance.

I want to take this opportunity to acknowledge all the hard work, long hours and great effort that so many employees put forth in preparing the biennial budget, at both the agency level and the Office of Budget and Program Planning.

I wish the members of the Legislature well as you examine and work on this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Racicot".

MARC RACICOT  
Governor





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### OVERVIEW 2001 EXECUTIVE BUDGET

The goal of this Executive Budget is to present a balanced spending plan for state government which will allow the highest priority programs to be funded without a general tax increase. Revenue estimates for the next biennium are presented on a very conservative basis given the economic uncertainties. The Legislative Fiscal Analyst (LFA) projection has been reduced by \$36 million since the September 15, 1998, preliminary estimate was presented to the Legislative Finance Committee. This is a substantial reduction, which we believe may be too conservative. We are using the Department of Revenue Executive Branch estimate, which is \$26 million higher than the LFA estimate for this budget. This difference is on a base for fiscal years 1999, 2000, and 2001 of over \$3.2 billion in revenues. The preliminary estimate adopted by the Revenue Oversight Committee will be reviewed in the House and Senate Taxation Committee. The estimates will be updated through the Legislative session, as more information becomes available, particularly on income tax revenues.

The general fund balance for June 30, 2001, is predicted to be \$36 million, which does not include the potential tobacco settlement, that will be finalized after this document is completed. That settlement could yield approximately \$26 million for the general fund in this budget period and would increase the projected balance to over \$62 million. The ongoing spending proposal does not exceed current ongoing revenues in FY 2001. There is a structural balance in the general fund since there is nearly \$32 million of one-time-only spending for economic development, capital building renovation, and the open space initiative. This spending is paid for with the anticipated \$30 million in one-time revenue from the sale of utility assets and the subsequent capital gains payment which the state will receive.

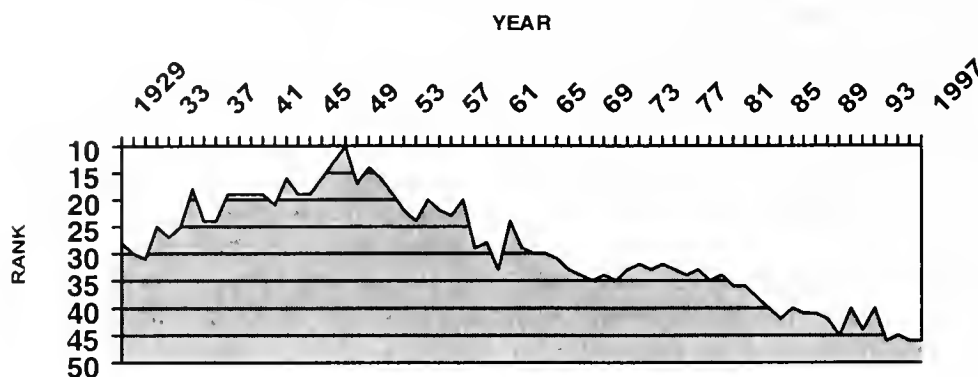
We have held most state agencies to moderate increases in general fund spending with two large agencies, the Department of Public Health and Human Services (DPHHS) and the Department of Revenue (DOR) showing no increase from the past biennium in general fund spending. The major new Racicot Administration initiative is an Economic Development proposal involving several state agencies and the Montana University System. The Governor has determined that the future is now in terms of economic development necessary to construct a vibrant, diverse state economy for the new century. The need for this initiative is illustrated in the chart shown below which vividly reveals how the relative per capita income in Montana has declined over the past fifty years. In 1948, Montana ranked number 10 in the country in per capita income when compared to other states. In 1997, the state was listed at number 46. This is much lower than in the 1920s and 1930s. Low per capita income is one reason why Montana has had a struggle to maintain competitive public services and why revenue changes or increases are difficult for Montana citizens to accept.

The Administration is convinced that if we do not begin to take aggressive action, we will see a continuing decline in relative per capita income, and possible declines in population and the ability to provide a reasonable level of public services.

The chart below shows the relative ranking of Montana per capita income versus other states. Our best year was 1948, when we were 10<sup>th</sup> in the nation, which meant that only nine states had higher per capita income. The worst year was 1997, when 45 states had a higher per capita income.

## BUDGET OVERVIEW

### STATE OF MONTANA RANK IN PER CAPITA INCOME 1929-1997



This trend must be reversed. That is why a major priority of the Administration in this budget is economic development. The Vision 2005 Task Force met over the past year and formulated proposals designed to double the value of Montana agricultural production by 2005. The Department of Commerce has also developed a package of proposals designed to increase manufacturing and exports. The Administration believes these proposals present the best possibilities for the people of Montana to bring about more economic vitality, the creation of new jobs, and increased per capita income. In addition, there is a recommendation that Montana University System research be expanded to put more effort into converting successful research projects to commercial applications.

The budgets for K-12 education, the Department of Commerce, Department of Agriculture, Department of Natural Resources and Conservation, and Montana University System include the major economic spending proposals of the Administration. In addition, legislation will be submitted to increase bonding authority for the renewable resource private loan program so an additional 500,000 acres can be irrigated as part of Vision 2005. The other priorities of the Administration are public employee compensation and infrastructure construction.

K-12 education is budgeted to receive a 3.5% per year increase in per pupil support for elementary students and 1.5% per year for high school students. The recent history of public school enrollment and state general fund support is shown in the chart below with the recommendations for FY 2000 and FY 2001.

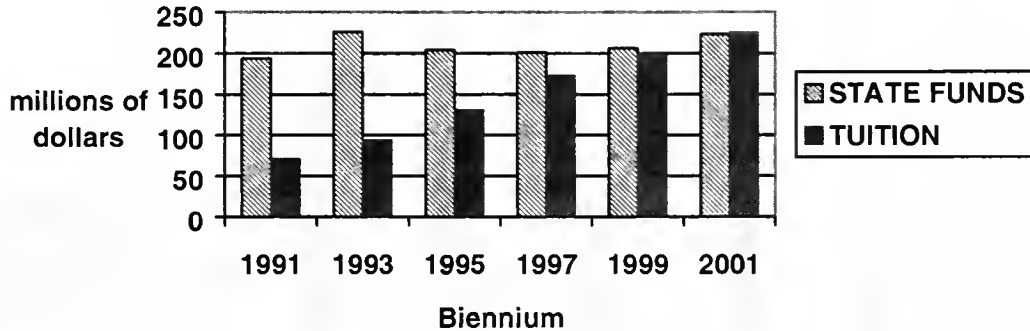
Year	K-12 Enrollment	Total State General Fund \$ (mill)
1992	155,779	441.3
1993	159,911	447.5
1994	163,020	447.5
1995	164,340	452.7
1996	165,547	455.7
1997	164,627	460.4
1998	162,335	474.8 <sup>1</sup>
1999	160,441	469.7
2000	158,070	468.5
2001	155,766	474.0

<sup>1</sup> includes \$12.5 million one-time aid

## BUDGET OVERVIEW

The Montana University System educational units, not including community colleges, are budgeted to receive \$193.5 million of general fund, including pay plan, in the coming biennium. The chart below shows the level of general fund and millage appropriated each biennium since 1991 and tuition expended. The educational units have expanded their budgets with tuition dollars as state support has stayed in the current range.

**State Funds (GF plus Millage), and Tuition**



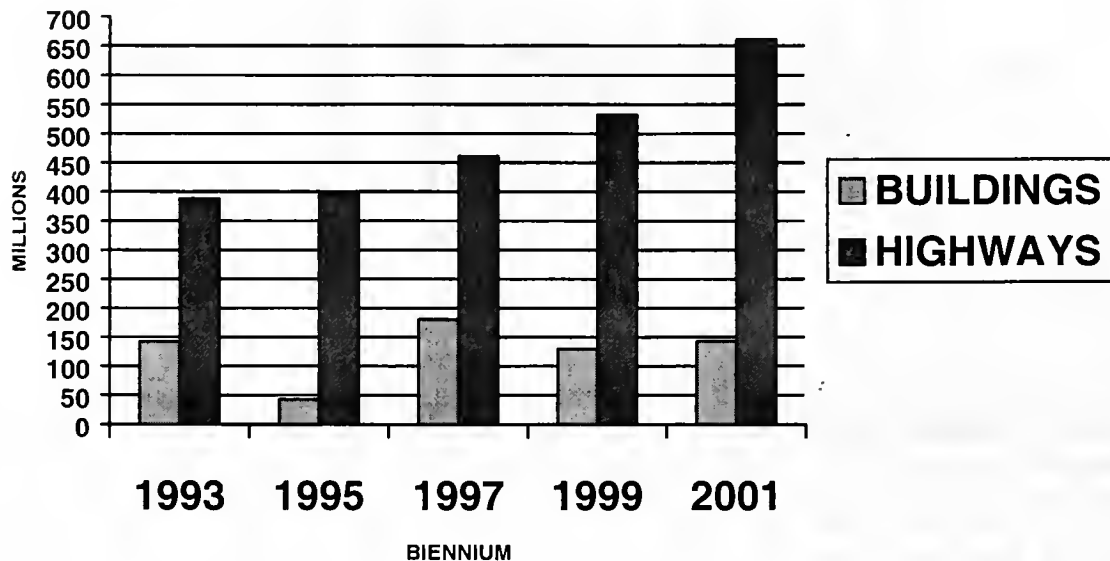
Public employee compensation, by law, is required to be based upon private and other government market comparisons. As a result, the Administration recommend average compensation increases of 3% per year at a total cost of \$47 million, of which \$19.5 million is general fund. The table below shows the average salary increase contained in each pay plan adopted for classified employees since 1989. The years prior to 1991 are from information reported to the Central States Compensation Commission and those after 1991 are from the State Personnel Division. As of this printing, there is no agreement with state employees bargaining units. Funding for the proposal that the administration has offered is included in this budget.

Year	Average Increase
1989	0
1990	0
1991	2.5%
1992	5.2%
1993	7.4%
1994	0
1995	1.5%
1996	2.9%
1997	3.9%
1998	2.0%
1999	2.0%
2000	3.0%
2001	3.0%

## BUDGET OVERVIEW

Infrastructure construction will continue to be a priority of the Administration. State highway construction, including design and construction costs, will increase to \$660 million in the next biennium, and a state building program of \$143 million is recommended. The Administration wants to enter the next century with a sound transportation and building infrastructure. This program will also sustain construction employment during a period of apparent slowdown in employment growth.

**CONSTRUCTION BY BIENNIUM**

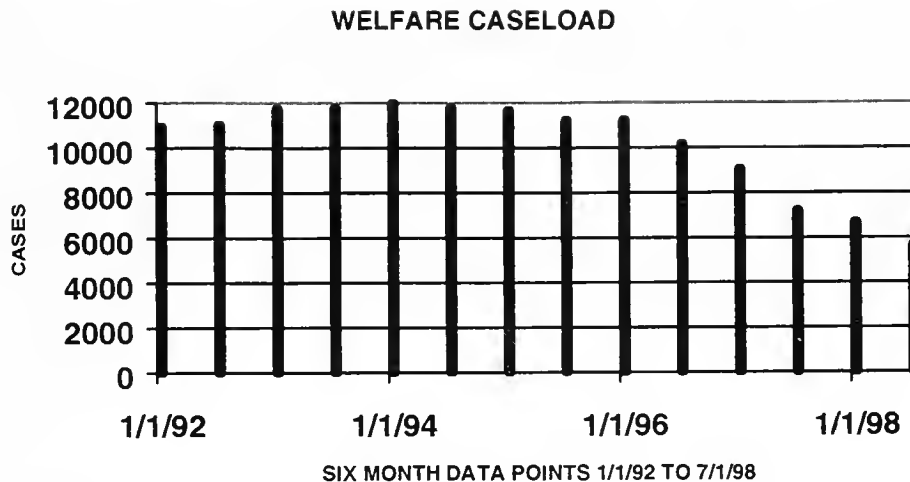


Other major initiatives of the Administration are the proposal to use \$6,000,000 of one-time money to complete the repair and reconstruction of the State Capitol. We are very close to completing the long overdue restoration of the Capitol, so the symbol of our statehood will enter the next century as an historic, functioning structure. It would be tragic not to finish the job.

Funding of the Children's Health Insurance Program from ongoing general fund revenue will assure that this program will continue into the future. The Children's Health Insurance Program (CHIP) will make health insurance available to families who are struggling to make ends meet and do not have the money to provide health care to their children. Investing in the CHIP is an appropriate expenditure to make. The funding for the program is set aside as a reserve in the general fund and will be appropriated to the Department of Public Health and Human Services on passage of the enabling legislation.

The success of Montana's welfare reform program allows us to consider an expansion of medical coverage to lower income families. The money saved from caseload reduction, shown in the chart below, can be used to pay for CHIP. The investment in CHIP will ensure that those families at risk of needing assistance due to medical problems will have an alternative to going on welfare.

## BUDGET OVERVIEW



The Administration is proposing funding for a new program to purchase conservation easements in critical areas so that our priceless open spaces are protected to the extent possible. This will be budgeted for \$2 million per year as a one-time expenditure to determine what can be accomplished in the next two years. The program will be taken back to the next legislature for review and funding for the future. Legislation will be required to initiate this program; the money we have reserved will be taken from the general fund on passage of the legislation and placed in the Department of Natural Resources and Conservation budget.

The purpose of the program will be to acquire, from willing sellers and donors, an interest in land for the purpose of preserving rural landscapes and open space. A Commission will be appointed by the Governor and will establish a policy for making conservation easement acquisitions that will support agriculture. The activities that are permitted or prohibited on any particular easement shall be determined on a case by case basis and must be consistent with the core values of this program, which are preservation of rural landscapes, family farms, ranches, forest lands, and biological diversity and integrity.

An analysis of state general fund spending in this current biennium shows that the change from previous biennia is not dramatic. The total spending increase for general fund on-going expenditures is approximately 4.5% for the biennium. Additional one-time general fund spending is tied to the utility sale capital gains and revenue legislation submitted by the Administration. The following table compares state general fund spending in the 1995, 1997, and 1999 biennia with the recommended budget for the 2001 biennium.

### GENERAL FUND SPENDING FOR THE 1995 THROUGH 2001 BIENNIUM BY CATEGORY

CATEGORY	1995	1997	1999	2001
K-12 EDUCATION	52%	49.7%	48.4%	46.5%
HIGHER ED.	12.4	11.5	11.4	12.2
HUMAN SERVICES	22.8	24.0	22.6	21.9
CORRECTIONS	4.3	5.6	7.8	9.0
GENERAL GOVT.	8.4	9.3	9.8	10.4

Source: Legislative Fiscal Reports 1995-99, OBPP 2001

## **BUDGET OVERVIEW**

The general theme of this budget is to make appropriate investments in needed and necessary services, including education and public infrastructure; to invest in economic development to increase future employment; and to maintain those obligations within predictable, stable and existing revenues. The taxes generated from the sale of the utility generating facilities are being used to fund the one-time investments in economic development, the state Capitol and other initiatives being recommended. The development activities will be carefully evaluated before the budget is submitted to the next Legislature and only those, which have a reasonable level of success, based on this first two-year period, will be continued in the future. The Administration will proceed with the understanding that these new economic development programs will not continue without a reasonable level of success.



# GENERAL FUND BALANCE SHEET

PRESENT LAW AND GENERAL BUDGET RECOMMENDATIONS				
	FY98	FY99	FY00	FY01
Beginning Fund Balance	30,314,975	43,790,055	43,351,528	52,662,785
Revenues	1,034,382,013	1,045,018,000	1,059,404,000	1,092,456,000
Utility Generation Asset Sales - One-time Tax Gain			30,000,000	0
Residual Equity Transfers	2,435,840	2,500,000	2,065,000	2,065,000
<b>Total Available</b>	<b>1,067,132,828</b>	<b>1,091,308,055</b>	<b>1,134,820,528</b>	<b>1,147,183,785</b>
General Appropriations - Ongoing	983,670,928	998,062,841	1,017,504,073	1,029,839,683
General Appropriations - One-time			17,398,944	11,212,437
Language Appropriations	205,489	249,511		
Pay Plan Appropriations			6,500,000	13,000,000
Resident Tuition Offset			555,538	1,111,076
Personal Services Contingency			350,000	350,000
Cultural Trust "make whole"			335,000	335,000
Statutory Appropriations				
Property Tax Reimbursements	12,843,383	12,843,451	12,843,451	12,843,451
Debt Service	4,591,505	13,607,758	13,648,411	13,408,089
HB14 New Debt service			472,000	1,490,000
HB15 Information Technology Bonds				3,120,753
Cash Management Interest	54,801	54,801	54,801	54,801
TRANS Interest	3,889,247	1,533,972	3,175,000	3,230,000
Banking Services	737,171	714,710	737,139	737,142
Emergency Assistance	368,521	1,198,133	0	0
Local PERD Contribution	301,399	301,400	301,399	301,399
Retirement Funds	11,384,374	12,534,708	12,430,900	13,081,500
Highway Patrol Retirement	281,225	300,000	300,000	300,000
State Lands Reimbursements	551,087	560,578	551,087	551,087
Miscellaneous Appropriations	935,430	101,252		
Continuing Appropriations	170,294	759,556		
Supplemental Appropriations	0	12,933,856		
Legislative Feed Bill	0	6,200,000		5,400,000
Reversions	0	(14,000,000)	(5,000,000)	(5,000,000)
<b>Total Disbursements</b>	<b>1,019,984,854</b>	<b>1,047,956,527</b>	<b>1,082,157,743</b>	<b>1,105,366,418</b>
Adjustments	(3,357,919)			
<b>Ending Fund Balance</b>	<b><u>43,790,055</u></b>	<b><u>43,351,528</u></b>	<b><u>52,662,785</u></b>	<b><u>41,817,367</u></b>
<b>GOVERNOR'S RECOMMENDATIONS</b>				
<b>Revenues:</b>				
Trust Lands Revenue			3,400,000	3,400,000
<b>Expenditures:</b>				
Children's Health Insurance Program			4,268,435	4,308,435
Open Space - Conservation Easements			2,000,000	2,000,000
Total Expenditure Initiatives			6,268,435	6,308,435
<b>Adjusted Ending Fund Balance</b>			<b><u>49,794,350</u></b>	<b><u>36,040,497</u></b>

# GENERAL FUND HB 2 SUMMARY BY AGENCY

HB 2 GENERAL FUND SUMMARY, FY 1998 - FY 2000			
AGENCY		1999 Biennium* Budget	2001 Biennium Budget Request
1104	LEGISLATIVE BRANCH	12,086,688	13,444,585
2110	JUDICIARY	14,066,007	16,602,720
3101	GOVERNORS OFFICE	5,735,023	5,998,855
3202	COMMISSIONER OF POLITICAL PRACTICES	555,586	705,058
3401	STATE AUDITORS OFFICE	4,601,084	4,641,938
3501	OFFICE OF PUBLIC INSTRUCTION	941,043,378	951,834,906
4107	CRIME CONTROL DIVISION	4,284,867	5,049,371
4110	DEPARTMENT OF JUSTICE	36,245,941	42,917,015
5101	BOARD OF PUBLIC EDUCATION	247,500	309,888
5102	COMMISSIONER OF HIGHER ED	229,682,694	249,448,475
5113	SCHOOL FOR THE DEAF & BLIND	6,077,147	6,374,533
5114	MONTANA ARTS COUNCIL	470,504	637,818
5115	LIBRARY COMMISSION	3,035,246	3,418,914
5117	HISTORICAL SOCIETY	2,994,264	3,491,909
5201	DEPT OF FISH, WILDLIFE & PARKS	810,733	833,365
5301	DEPT. OF ENVIRONMENTAL QUALITY	5,087,687	7,775,902
5401	DEPARTMENT OF TRANSPORTATION	500,000	500,000
5603	DEPARTMENT OF LIVESTOCK	1,039,060	1,311,920
5706	DEPT NAT RESOURCE/CONSERVATION	26,388,384	38,026,191
5801	DEPARTMENT OF REVENUE	50,436,383	49,940,049
6101	DEPARTMENT OF ADMINISTRATION	8,596,503	10,003,952
6102	APPELLATE DEFENDER	307,519	0
6201	DEPARTMENT OF AGRICULTURE	1,004,474	4,155,311
6401	DEPT. OF CORRECTIONS	156,237,588	184,145,171
6501	DEPARTMENT OF COMMERCE	3,603,023	7,698,282
6602	LABOR & INDUSTRY	2,314,244	4,960,570
6701	DEPT OF MILITARY AFFAIRS	4,657,295	5,882,287
6901	PUBLIC HEALTH & HUMAN SERVICES	445,159,664	448,700,000
<b>ALL AGENCY TOTAL</b>		<u>\$1,967,268,486</u>	<u>\$2,068,808,985</u>
* Actual FY 1998 expenditures and budgeted FY 1999			

# GENERAL FUND ONE-TIME APPROPRIATIONS

## GENERAL FUND ONE-TIME APPROPRIATIONS

Code	Agency Name/DP # & Title	FY 2000	FY 2001
<b>Section A</b>			
<b>1104</b>	<b>Legislative Branch</b>		
	NP 2803, EDP Security Audit	25,000	0
<b>2110</b>	<b>Judiciary</b>		
	PL 10302, Archive Appellate Briefs	50,000	0
	NP 20401, New Judges Training	15,000	15,000
	PL10504, New Telephone System	10,000	0
	NP10603, Security System and Computer	4,239	3,059
<b>5801</b>	<b>Department of Revenue</b>		
	NP 1, Electronic Interface Programming	120,000	240,000
	Various PL, Education and Training	69,290	69,290
<b>6101</b>	<b>Department of Administration</b>		
	NP 8, Accting Bureau Transition off SBAS-RST	18,952	0
	NP 1, Capitol Renovation Agency Relocation	124,566	91,942
	PL1, Human Resource Competency Project	10,000	10,000
<b>Section C</b>			
<b>5301</b>	<b>Dept of Environmental Quality</b>		
	NP 2, Database Development	250,000	250,000
<b>5603</b>	<b>Dept of Livestock</b>		
	NP 10, Meat inspection Automation	14,800	14,800
<b>5706</b>	<b>Dept of Natural Resources &amp; Conservation</b>		
	PL 6, 310 Grants	100,000	100,000
	PL 25, Watershed Management	100,000	100,000
	PL 31, 223 Grants	100,000	100,000
	PL 32, Conservation District Admin Grants	75,000	75,000
	NP 11, Field Office Network	83,625	0
<b>6201</b>	<b>Dept of Agriculture</b>		
	NP 1, Value-added Agribusiness Dev	1,000,000	1,000,000
	NP 5, Agriculture Business Assistance Initiative	165,841	155,648
	NP 10, Ag Market Development	192,278	180,911
	NP 23, Agribusiness Expansion & Recruitment	170,700	164,545
<b>6501</b>	<b>Dept of Commerce</b>		
	PL 5108, Census 2000	11,750	37,450
	PL 5114, Manufacturing Extension Tech Transfer	200,000	200,000
	NP 5102 Certified Communities-Local	470,000	470,000
	NP 5103, Small Business Innovative Research	50,000	50,000
	NP 5104, Strategic Plan Marketing TA	100,000	100,000
	NP 5105, Start-up and Expansion Training	85,000	85,000
	NP 5106, Foreign Trade	200,000	200,000
	NP 5107, Business Recruitment	425,000	425,000
	NP 5109, Leadership Grants	50,000	50,000

# GENERAL FUND ONE-TIME APPROPRIATIONS

## GENERAL FUND ONE-TIME APPROPRIATIONS

### Section D

#### 4110 Department of Justice

NP 22213, Insurance/Loss Prevention Maintenance	12,500	0
NP 22214, MLEA Maintenance Improvements	12,500	12,500

#### 6401 Department of Corrections

NP 2111, Security System & ACA Accreditation	8,331	0
NP 2318, Abel Screening Assessment	9,930	0
NP 2141, Two year pre-employment study	35,000	0

#### 6701 Dept of Military Affairs

NP 3101, World War II Memorial	66,000	0
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### Section E

#### 5101 Board of Public Education

NP 1, Standards Adoption and Implementation	7,384	7,384
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#### 5104 Montana University System

Economic Development	6,606,016	6,781,083
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#### 5113 School for the Deaf and Blind

PL 1, Replace FM Trainers	95,556	0
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#### 5114 Montana Arts Council

NP 1, After-school arts program for at-risk youth	50,000	50,000
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#### 5115 Library Commission

NP 5, Statewide periodical electronic database license	100,000	100,000
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#### 5117 Historical Society

NP 20, Replace Shelving	13,612	0
NP 60, Antiquities Database	20,321	20,265
NP 11, Security Equipment	20,000	0
NP 30, Curator	31,898	31,651
PL 28, Purchase Microfilm Cabinets	0	3,200
NP 12, Original Governor's Mansion maintenance	12,000	12,000
PL 31, Computer replacement	5,250	3,500
PL 61, Computer replacement	1,605	3,209

### Section F

#### 6107 Long-Range Building Program

HB 5, State Capitol Renovation & Restoration	6,000,000	0
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<b>Total One-Time-Only Items</b>	<b>\$17,398,944</b>	<b>\$11,212,437</b>
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# GENERAL GOVERNMENT AND TRANSPORTATION

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Legislative Branch  
Consumer Counsel  
Judiciary  
Montana Chiropractic Legal Panel  
Governor's Office  
Secretary of State  
Commissioner of Political Practices  
State Auditor

Transportation  
Revenue  
Administration  
Appellate Defender Commission  
State Compensation Insurance Fund  
Public Employees' Retirement Board  
Teachers' Retirement Board

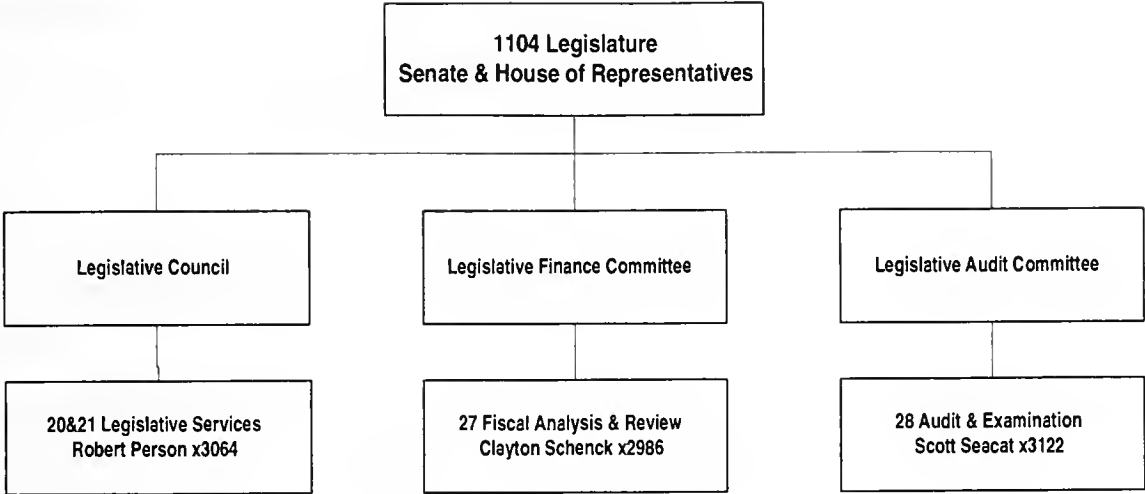
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## OBPP Staff\*

Bob Andersen x3699  
Mary LaFond x4892  
Mary Beth Linder x4899  
Amy Sassano x0619

\* See Reference page 1 for specific staff assignments

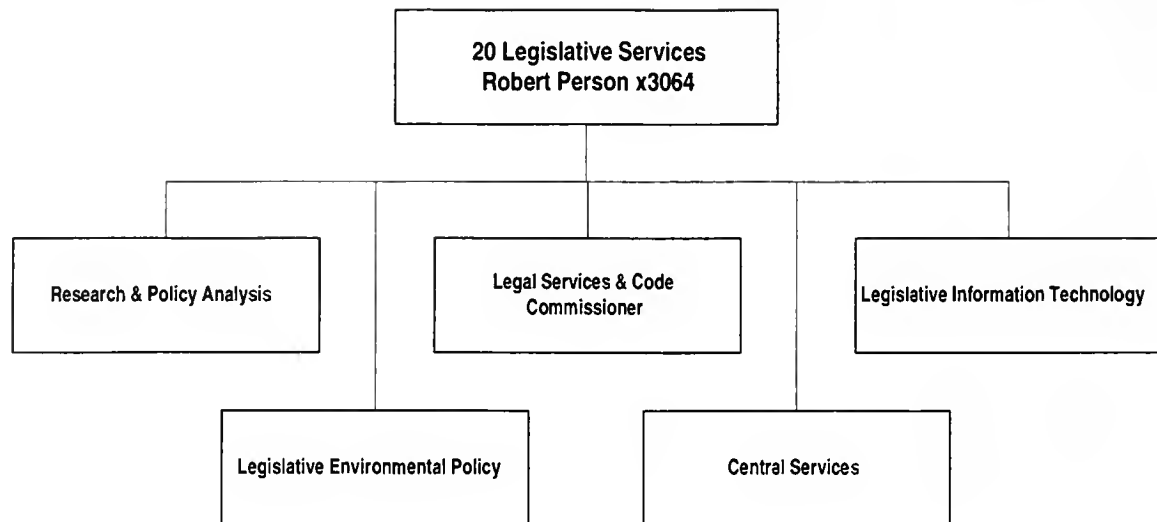




**Mission Statement** - The mission of the Legislature is to exercise the legislative power of state government vested in the Legislature by The Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the Legislature.

**Statutory Authority** - Principal statutory authority for the Legislative Services Division is found in Title 1, Chapter 11, and Title 5, Chapters 5 and 11, MCA. Principal statutory authority for the Legislative Fiscal Division is found in The Legislative Finance Act, Title 5, Chapter 12, MCA. The function of the Legislative Audit Division is constitutionally required, with principal statutory authority in The Legislative Audit Act, Title 5, Chapter 13, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	120.27	.00	2.00	122.27	.00	2.00	127.34
Personal Services	5,393,785	561,392	95,925	6,051,102	562,349	86,240	6,042,374
Operating Expenses	2,270,536	662,731	217,880	3,151,147	(251,118)	7,079	2,026,497
Equipment	12,284	37,716	0	50,000	37,716	0	50,000
Total Costs	\$7,676,605	\$1,261,839	\$313,805	\$9,252,249	\$348,947	\$93,319	\$8,118,871
General Fund	5,626,964	1,050,799	310,728	6,988,491	738,888	90,242	6,456,094
State/Other Special	2,049,641	211,040	3,077	2,263,758	(389,941)	3,077	1,662,777
Total Funds	\$7,676,605	\$1,261,839	\$313,805	\$9,252,249	\$348,947	\$93,319	\$8,118,871



**Program Description** - The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include bill and amendment drafting, preparation of bills for introduction, and the engrossing and enrolling of bills; publication of legislative documents of record; provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; agency management and business services; planning, installation and maintenance of the agency computer network and applications; legislative committee staffing and support; preparation, publication and distribution of the Montana Code Annotated text and annotations; review of the text of proposed ballot measures, and provision of legislative information to the public. Policy guidance of the Legislative Services Division is provided by the Legislative Council.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	48.50	.00	.00	48.50	.00	.00	53.67
Personal Services	2,169,781	178,079	0	2,347,860	252,428	0	2,422,209
Operating Expenses	1,830,833	396,043	0	2,226,876	(152,815)	0	1,678,018
Equipment	12,284	37,716	0	50,000	37,716	0	50,000
<b>Total Costs</b>	<b>\$4,012,898</b>	<b>\$611,838</b>	<b>\$0</b>	<b>\$4,624,736</b>	<b>\$137,329</b>	<b>\$0</b>	<b>\$4,150,227</b>
General Fund	3,032,950	599,969	0	3,632,919	676,041	0	3,708,991
State/Other Special	979,948	11,869	0	991,817	(538,712)	0	441,236
<b>Total Funds</b>	<b>\$4,012,898</b>	<b>\$611,838</b>	<b>\$0</b>	<b>\$4,624,736</b>	<b>\$137,329</b>	<b>\$0</b>	<b>\$4,150,227</b>

## LEGISLATIVE COMMITTEES AND ACTIVITIES

**Program Description** - The Legislative Committees and Activities Program processes and monitors the expenditures of the various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include limited support of interim studies activities; support of interstate cooperation activities of the Legislature; and support of other legislative activities for which appropriations are made.

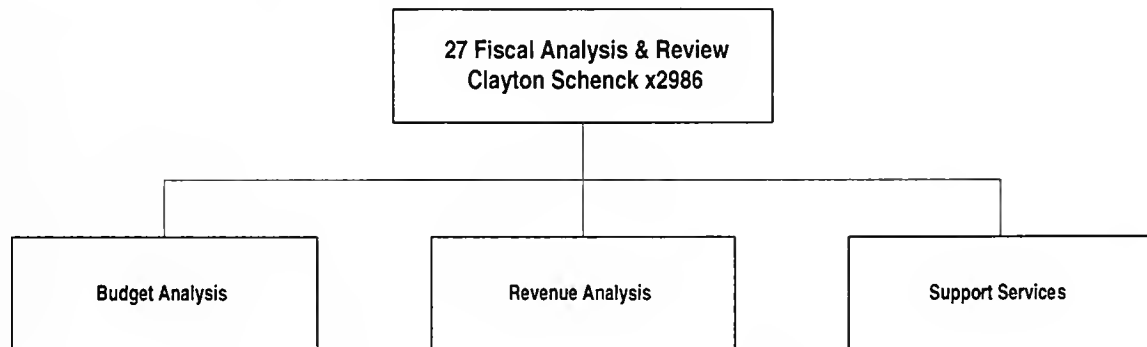


Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	0.97	.00	.00	0.97	.00	.00	0.97
Personal Services	32,360	18,583	17,642	68,585	(32,360)	0	0
Operating Expenses	167,677	196,283	194,206	558,166	(167,677)	0	0
<b>Total Costs</b>	<b>\$200,037</b>	<b>\$214,866</b>	<b>\$211,848</b>	<b>\$626,751</b>	<b>(\$200,037)</b>	<b>\$0</b>	<b>\$0</b>
General Fund	184,070	230,833	211,848	626,751	(184,070)	0	0
State/Other Special	15,967	(15,967)	0	0	(15,967)	0	0
<b>Total Funds</b>	<b>\$200,037</b>	<b>\$214,866</b>	<b>\$211,848</b>	<b>\$626,751</b>	<b>(\$200,037)</b>	<b>\$0</b>	<b>\$0</b>

#### New Proposals -

- Participate in the Council of State Governments
- Create a Districting and Apportionment Commission to prepare for the re-districting process in the 2003 biennium
- Continue the Transition Advisory Committee on electric utility industry restructuring
- Continue the Committee on State Management Systems
- Restructure Legislative Interim Committees into six permanent standing committees

## FISCAL ANALYSIS AND REVIEW



**Program Description -** The Legislative Fiscal Division provides the Legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include provision of fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; identification of ways to effect economy and efficiency in state government; estimation of revenue and analysis of tax policy; analysis of the executive budget; compiling and analyzing fiscal information for legislators and legislative committees; staffing and support for legislative committees; review of earmarked revenue and statutory appropriation provisions, supplemental appropriations, and budget amendments; pre-session budget projections; preparation of the General Appropriations Act; provision of general fund status reports; and preparation of the post-session Legislative Fiscal Report. Policy guidance of the Legislative Fiscal Division is provided by the Legislative Finance Committee.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	15.80	.00	2.00	17.80	.00	2.00	17.80
Personal Services	818,333	63,687	78,283	960,303	54,456	86,240	959,029
Operating Expenses	53,437	9,440	(8,405)	54,472	21,425	0	74,862
<b>Total Costs</b>	<b>\$871,770</b>	<b>\$73,127</b>	<b>\$69,878</b>	<b>\$1,014,775</b>	<b>\$75,881</b>	<b>\$86,240</b>	<b>\$1,033,891</b>
General Fund	871,770	73,127	69,878	1,014,775	75,881	86,240	1,033,891
<b>Total Funds</b>	<b>\$871,770</b>	<b>\$73,127</b>	<b>\$69,878</b>	<b>\$1,014,775</b>	<b>\$75,881</b>	<b>\$86,240</b>	<b>\$1,033,891</b>

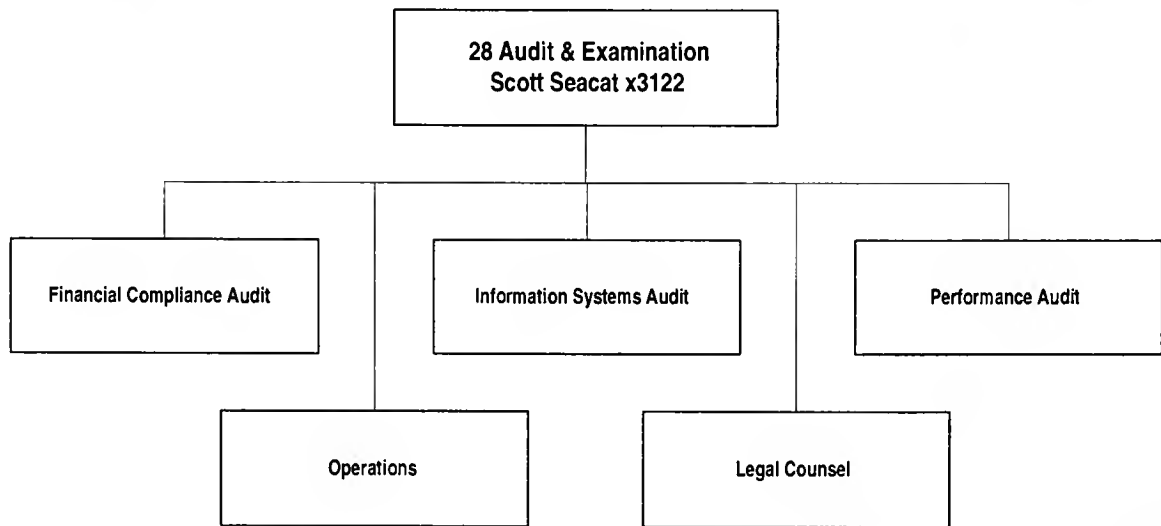
**Significant Present Law Adjustments -**

- Continue the Post-Secondary Education Committee

**New Proposals -**

- Add fiscal analyst positions for increased workload

**AUDIT AND EXAMINATION**

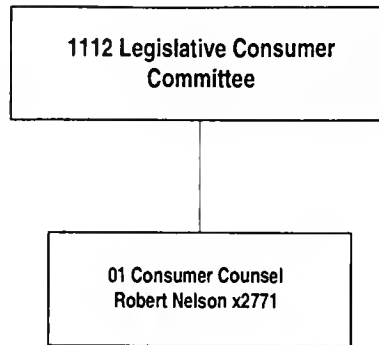


**Program Description -** The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include the conduct and reporting of biennial financial-compliance audits, performance audits, electronic data processing audits, and special audits of state agency operations; reporting of violation of penal statutes, instances of misfeasance, malfeasance or nonfeasance, and shortages discovered in an audit that are covered by surety; auditing records of entities under contract with the state; and assisting the Legislature, its committees and its members by gathering and analyzing information related to the fiscal affairs of state government. Policy guidance of the Legislative Audit Division is provided by the Legislative Audit Committee.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	55.00	.00	.00	55.00	.00	.00	55.00
Personal Services	2,373,311	301,043	0	2,674,354	287,825	0	2,661,136
Operating Expenses	218,589	60,965	32,079	311,633	47,949	7,079	273,617
<b>Total Costs</b>	<b>\$2,591,900</b>	<b>\$362,008</b>	<b>\$32,079</b>	<b>\$2,985,987</b>	<b>\$335,774</b>	<b>\$7,079</b>	<b>\$2,934,753</b>
General Fund	1,538,174	146,870	29,002	1,714,046	171,036	4,002	1,713,212
State/Other Special	1,053,726	215,138	3,077	1,271,941	164,738	3,077	1,221,541
<b>Total Funds</b>	<b>\$2,591,900</b>	<b>\$362,008</b>	<b>\$32,079</b>	<b>\$2,985,987</b>	<b>\$335,774</b>	<b>\$7,079</b>	<b>\$2,934,753</b>

**New Proposals -**

- Contract for an independent EDP security audit of the Legislative Branch
- Purchase Governmental Accounting Standards Board publications



**Mission Statement -** To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

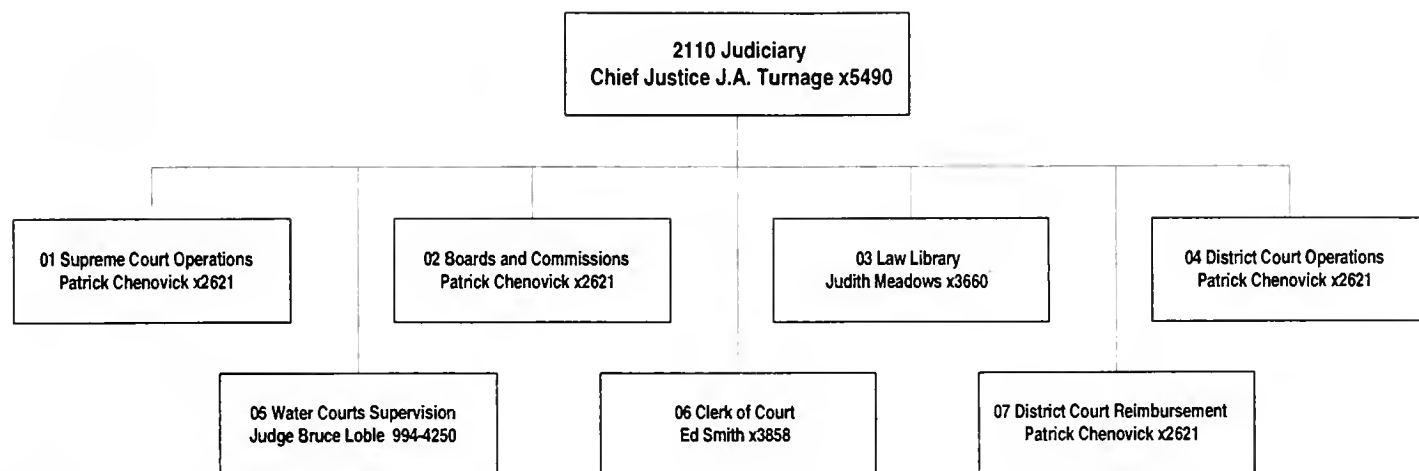
**Statutory Authority -** Article XIII, Section 2, 1972 Montana Constitution; Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA

**Program Description -** The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The consumer counsel is charged with the duty of "representing consumer interests in hearings before the Public Service Commission or any other successor agency." The agency also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and proceedings before federal administrative agencies on behalf of the public of Montana.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	5.03	.00	.00	5.03	.00	.00	5.03
Personal Services	321,214	19,250	0	340,464	19,380	0	340,594
Operating Expenses	619,795	107,142	0	726,937	120,114	0	739,909
Equipment	8,856	(8,856)	0	0	(8,856)	0	0
<b>Total Costs</b>	<b>\$949,865</b>	<b>\$117,536</b>	<b>\$0</b>	<b>\$1,067,401</b>	<b>\$130,638</b>	<b>\$0</b>	<b>\$1,080,503</b>
State/Other Special	949,865	117,536	0	1,067,401	130,638	0	1,080,503
<b>Total Funds</b>	<b>\$949,865</b>	<b>\$117,536</b>	<b>\$0</b>	<b>\$1,067,401</b>	<b>\$130,638</b>	<b>\$0</b>	<b>\$1,080,503</b>

**Significant Present Law Adjustments -**

- Continue a contingency fund and other base adjustments



**Mission Statement** - The judicial branch of state government is provided for in Article III, Section 1, and Article VII of the 1972 Montana Constitution. The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all Montana courts, and rule making for those courts.

**Statutory Authority** - Article III, Section 1, and Article VII, Montana Const.; Title 3, MCA.

**Supplemental Appropriation Description** - The Supreme Court of Montana requests \$485,000 general fund in FY 1999 to fund the judges' retirement system. The Fifty-fifth Legislature authorized HB170 which increased the state general fund contribution rate from 6% to 25.81% and deposited the district court and supreme court fee revenue in the general fund. The legislature added \$175,000 per year to HB2 and provided \$500,000 for FY 1998 from the Montana Board of Science and Technology, but did not fund the retirement account for FY 1999.

The Supreme Court of Montana requests \$691,130 state special revenue for the District Court Reimbursement Program. There is statutory authority in 3-5-901, MCA, for the judiciary to assume certain district court expenses, but subsection (3)(a) of that section is not clearly written to appropriate funds for "grants to district courts". Legislation will be submitted to clarify the law; however, the supplemental is required to pay counties for the current biennium.

**Executive Budget Recommendation -**

- Continue Federal Court Assessment Program
- Extend new judges training
- Equipment for the clerk of court

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	94.25	.00	1.00	95.25	.00	1.00	95.25
Personal Services	5,914,114	1,049,666	40,471	7,004,251	1,011,847	40,188	6,966,149
Operating Expenses	1,293,566	284,354	188,964	1,766,884	257,401	188,964	1,739,931
Equipment	250,778	50,000	4,239	305,017	0	3,059	253,837
Debt Service	28,510	0	0	28,510	0	0	28,510
<b>Total Costs</b>	<b>\$7,486,968</b>	<b>\$1,384,020</b>	<b>\$233,674</b>	<b>\$9,104,662</b>	<b>\$1,269,248</b>	<b>\$232,211</b>	<b>\$8,988,427</b>
General Fund	6,923,648	1,302,517	124,949	8,351,114	1,204,472	123,486	8,251,606
State/Other Special	563,320	81,503	0	644,823	64,776	0	628,096
Federal Special	0	0	108,725	108,725	0	108,725	108,725
<b>Total Funds</b>	<b>\$7,486,968</b>	<b>\$1,384,020</b>	<b>\$233,674</b>	<b>\$9,104,662</b>	<b>\$1,269,248</b>	<b>\$232,211</b>	<b>\$8,988,427</b>

**Agency Description** - Jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana courts. The court supervises the reimbursement to district courts of certain costs of criminal cases and administers the state court automation program. The court also supervises the local citizen review board pilot program for foster care placements, and the federal court assessment program to determine how courts are handling abuse, neglect, foster care, and adoption cases.

Judicial Branch Request				
Detail Summary	FY 2000	FY 2000	FY 2001	FY2001
	Judicial	Executive	Judicial	Executive
	Request	Non-Funded	Request	Non-Funded
Full- Time Equivalent (FTE)		1.00		1.00
Personal Services	\$7,215,596	\$140,966	\$7,176,892	\$140,939
Operating	\$2,062,673	\$269,789	\$2,047,275	\$281,344
Equipment	\$334,296	\$29,279	\$298,246	\$44,409
Principle and Interest	\$28,510	\$0	\$28,510	\$0
<b>Total Agency</b>	<b>\$9,641,075</b>	<b>\$440,034</b>	<b>\$9,550,923</b>	<b>\$466,692</b>
General Fund	\$8,845,722	\$424,229	\$8,768,839	\$447,429
State Special	\$660,628	\$15,805	\$647,359	\$19,263
Federal Special	\$108,725	\$0	\$108,725	\$0
Proprietary Fund	\$26,000	\$0	\$26,000	\$0
<b>Total Funding</b>	<b>\$9,641,075</b>	<b>\$440,034</b>	<b>\$9,550,923</b>	<b>\$466,692</b>
Supreme Court Operations	\$3,230,211	\$232,829	\$3,205,334	\$233,328
Boards and Commissions	\$376,374	\$80,861	\$376,356	\$80,862
Law Library	\$759,434	\$34,773	\$731,311	\$57,863
District Court Operations	\$4,261,677	\$20,772	\$4,239,772	\$20,735
Water Court	\$660,628	\$15,805	\$647,359	\$19,263
Clerk of Court	\$352,751	\$54,994	\$350,791	\$54,641
<b>Total Program</b>	<b>\$9,641,075</b>	<b>\$440,034</b>	<b>\$9,550,923</b>	<b>\$466,692</b>

The Judicial branch budget request is presented in the table above in accordance with 17-7-122(3), MCA, which states: "Judicial branch requests must be included in the budget submitted by the governor, but expenditures above the current level funding need not be part of the balanced financial plan pursuant to 17-7--123, MCA."

An explanation of the significant elements of the Judicial branch request that were not included in the Governor's recommendations follows:

- 1) Personal Services - A 3 % vacancy savings has been applied to all positions of this agency, excluding elected officials, consistent with all other agencies. In addition, 1.00 FTE staff position for the Clerk of Court has not been approved each year of the biennium.
- 2) Operating - The executive does not support the expansion of the pilot program for the Citizen's Review Board. However, the recommendation is to continue the pilot project for another two years. The cleaning service contract for dusting bookshelves, inflation for books, a contract to provide audits of the limited courts, and additional inflation for mailing and postage were excluded from the executive recommendation. The Court Assessment program request was reduced by \$7,571 general fund as an in-kind match was able to be used. In addition, legal research, new judges training and three year replacement of computers were reduced. The computers are on a four year replacement cycle per the OBPP policy for all agencies.

01 Supreme Court Operations  
 Patrick Chenovick x2621

**Program Description -** The Supreme Court has appellate jurisdiction over the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and other such writs as may be provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admission to the bar, and the conduct of the members. The Supreme Court consists of a chief justice and six justices. The Supreme Court Operations Program manages the day-to-day operations of the court and administers the local citizen review board pilot program for foster care placements, the federal court assessment program, the state court automation program, and the district court criminal reimbursement program.

**Executive Budget Recommendation -**

- Enhance legal on-line research
- Provide on-going training for justices and district court clerks
- Replace computers and office equipment
- Continue the document imaging project
- Continue Federal Court Assessment Program

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	32.75	.00	.00	32.75	.00	.00	32.75
Personal Services	1,738,409	167,012	0	1,905,421	156,826	0	1,895,235
Operating Expenses	664,288	213,330	143,964	1,021,582	198,715	143,964	1,006,967
<b>Total Costs</b>	<b>\$2,402,697</b>	<b>\$380,342</b>	<b>\$143,964</b>	<b>\$2,927,003</b>	<b>\$355,541</b>	<b>\$143,964</b>	<b>\$2,902,202</b>
General Fund	2,402,697	380,342	35,239	2,818,278	355,541	35,239	2,793,477
Federal Special	0	0	108,725	108,725	0	108,725	108,725
<b>Total Funds</b>	<b>\$2,402,697</b>	<b>\$380,342</b>	<b>\$143,964</b>	<b>\$2,927,003</b>	<b>\$355,541</b>	<b>\$143,964</b>	<b>\$2,902,202</b>

**Significant Present Law Adjustments -**

- Changes to an existing contract with Westlaw, so justices and law clerks can continue to perform on-line research, and an increase in dues to professional judicial associations will cost \$12,500 general fund per year.
- Registration and travel costs for Supreme Court Justices to attend training conferences to stay abreast of current statutes, precedents and current appellate judicial procedures as well as training funds for the 56 district court clerks throughout the state is budgeted at \$20,000 each year of the 2001 biennium.
- Replace one-fourth of the judicial branch computers on the four-year replacement cycle and to upgrade and purchase new software in order to maintain compatibility with the executive and legislative branches of government and with all levels of the judiciary. Funds are also included to replace various office equipment, desks and computer tables and chairs at a total cost of \$49,313 each year.
- Recommend \$20,000 general fund to continue the document-imaging project started by the judiciary in the last biennium in the Office of the Court Administrator reducing the need for additional storage space.

**New Proposals -**

- Continue Federal Court Assessment Program, to evaluate how the Montana legal system is handling child abuse and neglect proceedings, using \$108,725 federal funds and \$28,679 general fund each year.

02 Boards and Commissions  
Patrick Chenovick x2621

**Program Description** - The Boards and Commissions Program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. The program manages judicial discipline, rules, admissions to the bar, and other substantive matters aimed at improving and maintaining the administration of justice. Commissions and boards included in the program are: the Judicial Standards Commission; Sentence Review Division; Commission on Practice; Board of Bar Examiners; Commission on Courts of Limited Jurisdiction; and the Judicial Nominations Commission.

**Executive Budget Recommendation -**

- Commission on Practice expansion
- Increase support for the Judicial Standards Commission
- Establish the Montana Judicial Institute

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.00	.00	.00	2.00	.00	.00	2.00
Personal Services	68,170	5,181	0	73,351	5,184	0	73,354
Operating Expenses	173,569	18,593	30,000	222,162	18,571	30,000	222,140
<b>Total Costs</b>	<b>\$241,739</b>	<b>\$23,774</b>	<b>\$30,000</b>	<b>\$295,513</b>	<b>\$23,755</b>	<b>\$30,000</b>	<b>\$295,494</b>
General Fund	241,739	23,774	30,000	295,513	23,755	30,000	295,494
<b>Total Funds</b>	<b>\$241,739</b>	<b>\$23,774</b>	<b>\$30,000</b>	<b>\$295,513</b>	<b>\$23,755</b>	<b>\$30,000</b>	<b>\$295,494</b>

**Significant Present Law Adjustments -**

- Continue a restricted appropriation for the Judicial Standards Commission.
- Add two members to the Commission on Practice

**New Proposals -**

- Provide funding for the Montana Judicial Institute - The Montana Judicial Institute (MJi) provides court judges with an education program to increase courtroom competency. The Supreme Court Commission on Courts of Limited Jurisdiction worked cooperatively with the University of Montana School of Law to establish this program. MJi develops a broad knowledge base to enhance judges' abilities to analyze and synthesize legal material and to enable judges to apply standards and theories in the resolution of common issues. General fund cost is \$30,000 each year of the 2001 biennium.

**LAW LIBRARY**

03 Law Library  
Judith Meadows x3660

**Program Description** - The State Law Library provides access to and teaches customers how to use legal information sources. The Supreme Court, lower courts, the legislature, state officers and employees, members of the bar, and the general public use the library resources. The collection includes legal materials from the federal government and all 50 states, as well as Canada. Access to much of the information is provided from the library's Internet site.

**Executive Budget Recommendation -**

- Archive appellate briefs
- Additional on-line searches and research authority



Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	7.50	.00	.00	7.50	.00	.00	7.50
Personal Services	277,122	15,634	0	292,756	14,447	0	291,569
Operating Expenses	82,131	677	0	82,808	651	0	82,782
Equipment	244,587	50,000	0	294,587	0	0	244,587
Debt Service	28,510	0	0	28,510	0	0	28,510
<b>Total Costs</b>	<b>\$632,350</b>	<b>\$66,311</b>	<b>\$0</b>	<b>\$698,661</b>	<b>\$15,098</b>	<b>\$0</b>	<b>\$647,448</b>
General Fund	632,350	66,311	0	698,661	15,098	0	647,448
<b>Total Funds</b>	<b>\$632,350</b>	<b>\$66,311</b>	<b>\$0</b>	<b>\$698,661</b>	<b>\$15,098</b>	<b>\$0</b>	<b>\$647,448</b>

**Significant Present Law Adjustments -**

- Archive appellate briefs - OTO - This \$50,000 general fund adjustment in FY 2000 provides funding to archive the appellate briefs filed before the Supreme Court. Since the briefs are prepared and filed in paper format, access to them in perpetuity is gravely threatened due to the acidic nature of the paper. The briefs would be scanned electronically and made available to researchers via the Law Library Internet site. They would also be linked to the Supreme Court decisions, when handed down. Funding this adjustment would provide for the purchase of a scanner, a server, and the related computer hardware necessary for storing the briefs.
- On-line searches and research adjustments - This \$22,284 adjustment each year of the 2001 biennium provides proprietary fund authority so state and county agencies, courts, private businesses and citizens can pay for costs incurred by the Law Library to perform on-line searches and research. The on-line service provider (Lexus) invoices the Law Library for the time spent on-line and, in turn, the Law Library invoices the client, collects the payment and remits it to the service provider.

**Proprietary Rates****Revenues and Expenses -**

**Change in the provision of service or level of fees** - The Law Library staff performs on-line searches/research for public and private entities. The program is charged by the on-line provider for the air time and invoices the entity requesting the search/research, collects the money and pays the on-line provider. Revenue collected equals expenses incurred.

**Working Capital** - NA

**Fund Equity and Reserved Fund Balance** - NA

**Cash Flow** - There are no cash flow issues as cash is only paid-out when it has been received from the entity requesting the search/research.

**DISTRICT COURT OPERATIONS**

04 District Court Operations  
Patrick Chenovick x2621

**Program Description** - The District Court Operations Program funds salaries, travel, and training for Montana's elected district judges. Other operational costs of the district courts are paid by other state agencies and local governments. District courts are general jurisdiction trial courts having original jurisdiction in all criminal felony cases, civil matters, and cases of law.

# JUDICIARY

## DISTRICT COURT OPERATIONS

2110  
04

### Executive Budget Recommendation -

- Provide new judges training
- Update the benchbook and deskbook
- Adjustment to vehicle lease

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	37.00	.00	.00	37.00	.00	.00	37.00
Personal Services	3,169,322	793,859	0	3,963,181	771,992	0	3,941,314
Operating Expenses	239,647	23,077	15,000	277,724	23,076	15,000	277,723
<b>Total Costs</b>	<b>\$3,408,969</b>	<b>\$816,936</b>	<b>\$15,000</b>	<b>\$4,240,905</b>	<b>\$795,068</b>	<b>\$15,000</b>	<b>\$4,219,037</b>
General Fund	3,408,969	816,936	15,000	4,240,905	795,068	15,000	4,219,037
<b>Total Funds</b>	<b>\$3,408,969</b>	<b>\$816,936</b>	<b>\$15,000</b>	<b>\$4,240,905</b>	<b>\$795,068</b>	<b>\$15,000</b>	<b>\$4,219,037</b>

### Significant Present Law Adjustments -

- Benchbook and deskbook update - The district court judges benchbook and deskbook must be updated every year with changes from the legislative sessions and present case law. This \$20,000 general fund adjustment each year provides funding to contract with an individual(s) to provide the required updates.
- Adjustment to vehicle lease - The court leases nine vehicles for district court judges who have multi-county jurisdictions. The current lease expires mid-year 2000. This \$3,000 general fund adjustment each year provides for a 3 % increase as anticipated by staff at Department of Administration.

### New Proposals -

- Add \$15,000 general fund each year for new judges to receive basic training.

## WATER COURTS SUPERVISION

05 Water Courts Supervision  
Judge Bruce Loble 994-4250

**Program Description -** The Water Courts Supervision Program adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state as defined in 3-7-102, MCA.

### Executive Budget Recommendation -

- Increase overtime for hearings
- Adjustment to leases of a copy machine and postage meter
- Replace telephone system
- Computer network maintenance adjustment

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.00	.00	.00	11.00	.00	.00	11.00
Personal Services	464,676	65,547	0	530,223	62,380	0	527,056
Operating Expenses	98,644	15,956	0	114,600	2,396	0	101,040
<b>Total Costs</b>	<b>\$563,320</b>	<b>\$81,503</b>	<b>\$0</b>	<b>\$644,823</b>	<b>\$64,776</b>	<b>\$0</b>	<b>\$628,096</b>
State/Other Special	563,320	81,503	0	644,823	64,776	0	628,096
<b>Total Funds</b>	<b>\$563,320</b>	<b>\$81,503</b>	<b>\$0</b>	<b>\$644,823</b>	<b>\$64,776</b>	<b>\$0</b>	<b>\$628,096</b>

**Significant Present Law Adjustments -**

- Computer network maintenance adjustment
- Leases - copy machine/postage meter adjustments
- Telephone system replacement using resource indemnity trust renewable resource state special revenue account

**CLERK OF COURT**

06 Clerk of Court  
 Ed Smith x3858

**Program Description -** The Clerk of Court Program performs support and operational duties for the Supreme Court, as outlined in Title 3, Chapter 2, part 4, MCA. The program keeps the court records and files, issues writs and certificates, approves bonds, files all papers and transcripts, and performs other duties as required.

**Executive Budget Recommendation -**

- Increase Clerk of Court operations
- Expand records management
- Add new equipment

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.00	.00	1.00	5.00	.00	1.00	5.00
Personal Services	196,415	2,433	40,471	239,319	1,018	40,188	237,621
Operating Expenses	35,287	12,721	0	48,008	13,992	0	49,279
Equipment	6,191	0	4,239	10,430	0	3,059	9,250
<b>Total Costs</b>	<b>\$237,893</b>	<b>\$15,154</b>	<b>\$44,710</b>	<b>\$297,757</b>	<b>\$15,010</b>	<b>\$43,247</b>	<b>\$296,150</b>
General Fund	237,893	15,154	44,710	297,757	15,010	43,247	296,150
<b>Total Funds</b>	<b>\$237,893</b>	<b>\$15,154</b>	<b>\$44,710</b>	<b>\$297,757</b>	<b>\$15,010</b>	<b>\$43,247</b>	<b>\$296,150</b>

**Significant Present Law Adjustments -**

- Clerk of court operations increase
- Records management increases

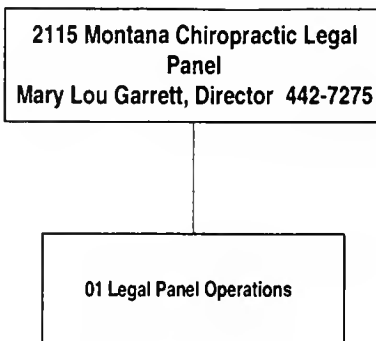
**New Proposals -**

- One additional staff position is recommended to handle increasing caseload at a general fund cost of \$40,471 in FY 2000 and \$40,188 in FY 2001.
- Equipment increases

**DISTRICT COURT REIMBURSEMENTS**

07 District Court Reimbursement  
 Patrick Chenovick x2621

**Program Description -** The District Court Criminal Reimbursement Program reimburses counties for certain adult criminal expenses. Program revenues derive from a portion of the motor vehicle license tax.



**Mission Statement** - To review potential malpractice claims against chiropractic physicians in order to prevent, if possible, filed court actions for professional liability in which the facts do not permit at least a reasonable inference of malpractice.

**Statutory Authority** - Title 27, Chapter 12, MCA.

**Program Description** - The Montana Chiropractic Legal Panel reviews all malpractice claims or potential claims against chiropractic physicians to: 1) prevent, when possible, filed court actions against chiropractic physicians for professional liability in situations where the facts do not permit at least a reasonable inference of malpractice; and b) make possible the fair and equitable disposition of such claims against chiropractic physicians that are or reasonably may be well founded. A panel, consisting of three chiropractic physicians licensed in Montana and three attorneys who are members of the State Bar Association of Montana, is appointed to review each malpractice claim or potential claim. The panel is managed by a director appointed by the executive director of the Montana Chiropractic Association.

**Executive Budget Recommendation -**

- Panel operating costs increase

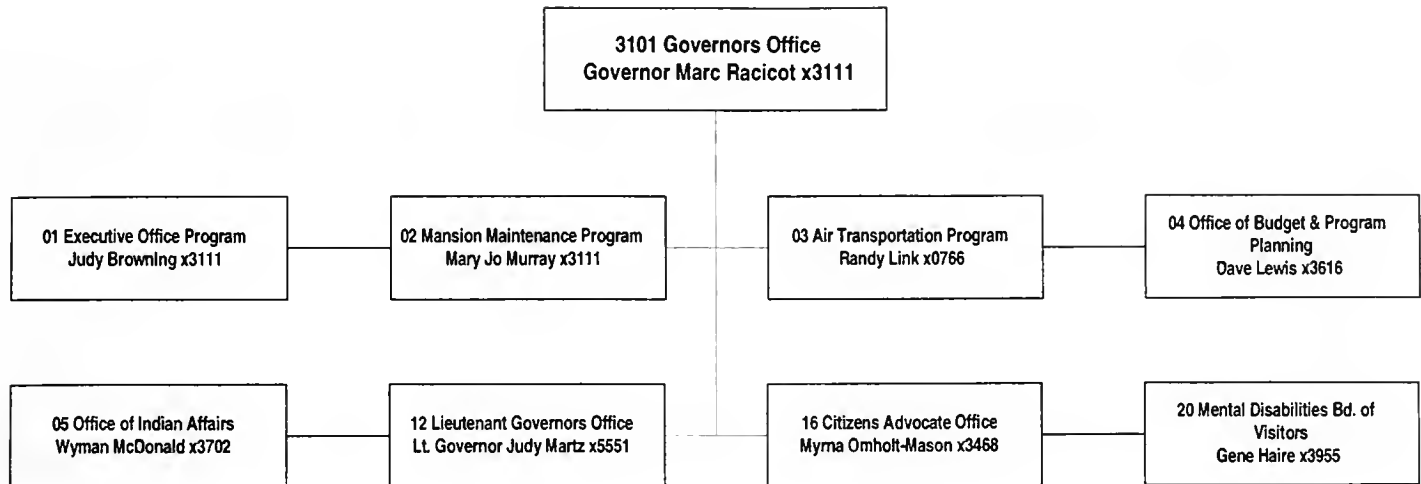
**Program Indicators -**

Indicator	Actual FY1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Claims filed	3	1	5	5	6	6

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	13,992	3,274	0	17,266	3,201	0	17,193
<b>Total Costs</b>	<b>\$13,992</b>	<b>\$3,274</b>	<b>\$0</b>	<b>\$17,266</b>	<b>\$3,201</b>	<b>\$0</b>	<b>\$17,193</b>
State/Other Special	13,992	3,274	0	17,266	3,201	0	17,193
<b>Total Funds</b>	<b>\$13,992</b>	<b>\$3,274</b>	<b>\$0</b>	<b>\$17,266</b>	<b>\$3,201</b>	<b>\$0</b>	<b>\$17,193</b>

**Significant Present Law Adjustments -**

- Increase for contract services, travel, and audit fees

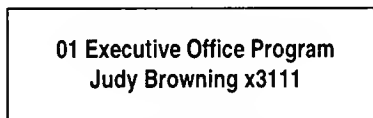


**Mission Statement** - To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

**Statutory Authority** - Primary authority is Article VI, Mont. Const.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	49.00	.00	.00	49.00	.00	.00	49.00
Personal Services	2,289,907	100,580	0	2,390,487	89,074	0	2,378,981
Operating Expenses	801,631	127,870	0	929,501	36,748	0	838,379
Equipment	0	20,000	0	20,000	0	0	0
<b>Total Costs</b>	<b>\$3,091,538</b>	<b>\$248,450</b>	<b>\$0</b>	<b>\$3,339,988</b>	<b>\$125,822</b>	<b>\$0</b>	<b>\$3,217,360</b>
General Fund	2,825,366	238,441	0	3,063,807	109,682	0	2,935,048
State/Other Special	251,882	9,641	0	261,523	15,812	0	267,694
Federal Special	14,290	368	0	14,658	328	0	14,618
<b>Total Funds</b>	<b>\$3,091,538</b>	<b>\$248,450</b>	<b>\$0</b>	<b>\$3,339,988</b>	<b>\$125,822</b>	<b>\$0</b>	<b>\$3,217,360</b>

## EXECUTIVE OFFICE PROGRAM



**Program Description** - The Executive Office Program provides support to the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, press, and centralized services support for the Office of the Governor, as well as executive administration of programs with special impact on the citizens and governmental concerns of Montana. Special programs include coordination of services for senior citizens and preserving clean water in the Flathead Basin and oversight of the Montana Consensus Council.

### Executive Budget Recommendation -

- Maintain 4 year computer replacement cycle

**GOVERNORS OFFICE  
EXECUTIVE OFFICE PROGRAM**

**3101  
01**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	19.50	.00	.00	19.50	.00	.00	19.50
Personal Services	990,941	22,584	0	1,013,525	16,524	0	1,007,465
Operating Expenses	366,141	82,747	0	448,888	44,944	0	411,085
Equipment	0	20,000	0	20,000	0	0	0
<b>Total Costs</b>	<b>\$1,357,082</b>	<b>\$125,331</b>	<b>\$0</b>	<b>\$1,482,413</b>	<b>\$61,468</b>	<b>\$0</b>	<b>\$1,418,550</b>
General Fund	1,137,059	108,914	0	1,245,973	38,851	0	1,175,910
State/Other Special	220,023	16,417	0	236,440	22,617	0	242,640
<b>Total Funds</b>	<b>\$1,357,082</b>	<b>\$125,331</b>	<b>\$0</b>	<b>\$1,482,413</b>	<b>\$61,468</b>	<b>\$0</b>	<b>\$1,418,550</b>

**MANSION MAINTENANCE PROGRAM**

**02 Mansion Maintenance Program  
Mary Jo Murray x3111**

**Program Description -** The Mansion Maintenance Program maintains the Governor's official residence.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1.50	.00	.00	1.50	.00	.00	1.50
Personal Services	40,046	666	0	40,712	404	0	40,450
Operating Expenses	31,961	2,499	0	34,460	0	0	31,961
<b>Total Costs</b>	<b>\$72,007</b>	<b>\$3,165</b>	<b>\$0</b>	<b>\$75,172</b>	<b>\$404</b>	<b>\$0</b>	<b>\$72,411</b>
General Fund	72,007	3,165	0	75,172	404	0	72,411
<b>Total Funds</b>	<b>\$72,007</b>	<b>\$3,165</b>	<b>\$0</b>	<b>\$75,172</b>	<b>\$404</b>	<b>\$0</b>	<b>\$72,411</b>

03 Air Transportation Program  
Randy Link x0766

**Program Description -** The Air Transportation Program provides the Governor with safe and reliable air transportation.

**Executive Budget Recommendation -**

- Provide aircraft maintenance at an average level

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1.00	.00	.00	1.00	.00	.00	1.00
Personal Services	37,333	(1,037)	0	36,296	(1,291)	0	36,042
Operating Expenses	103,638	47,648	0	151,286	27,649	0	131,287
<b>Total Costs</b>	<b>\$140,971</b>	<b>\$46,611</b>	<b>\$0</b>	<b>\$187,582</b>	<b>\$26,358</b>	<b>\$0</b>	<b>\$167,329</b>
General Fund	124,971	46,708	0	171,679	26,484	0	151,455
State/Other Special	16,000	(97)	0	15,903	(126)	0	15,874
<b>Total Funds</b>	<b>\$140,971</b>	<b>\$46,611</b>	<b>\$0</b>	<b>\$187,582</b>	<b>\$26,358</b>	<b>\$0</b>	<b>\$167,329</b>

OFFICE OF BUDGET AND PROGRAM PLANNING

04 Office of Budget & Program  
Planning  
Dave Lewis x3616

**Program Description -** The Office of Budget and Program Planning (OBPP) assists the Governor in the preparation of the Governor's Executive Budget and administration of the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. The OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

**Executive Budget Recommendation -**

- Remove budget system development costs from this program

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	17.00	.00	.00	17.00	.00	.00	17.00
Personal Services	785,927	67,311	0	853,238	64,030	0	849,957
Operating Expenses	193,025	(31,783)	0	161,242	(52,891)	0	140,134
<b>Total Costs</b>	<b>\$978,952</b>	<b>\$35,528</b>	<b>\$0</b>	<b>\$1,014,480</b>	<b>\$11,139</b>	<b>\$0</b>	<b>\$990,091</b>
General Fund	975,264	39,216	0	1,014,480	14,827	0	990,091
State/Other Special	3,688	(3,688)	0	0	(3,688)	0	0
<b>Total Funds</b>	<b>\$978,952</b>	<b>\$35,528</b>	<b>\$0</b>	<b>\$1,014,480</b>	<b>\$11,139</b>	<b>\$0</b>	<b>\$990,091</b>

05 Office of Indian Affairs  
Wyman McDonald x3702

**Program Description -** The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the legislative and executive branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

**Executive Budget Recommendation -**

- Maintain 4 year computer replacement cycle
- Visit each reservation twice a year

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.00	.00	.00	2.00	.00	.00	2.00
Personal Services	82,904	1,782	0	84,686	1,568	0	84,472
Operating Expenses	22,668	11,045	0	33,713	6,365	0	29,033
<b>Total Costs</b>	<b>\$105,572</b>	<b>\$12,827</b>	<b>\$0</b>	<b>\$118,399</b>	<b>\$7,933</b>	<b>\$0</b>	<b>\$113,505</b>
General Fund	105,572	12,827	0	118,399	7,933	0	113,505
<b>Total Funds</b>	<b>\$105,572</b>	<b>\$12,827</b>	<b>\$0</b>	<b>\$118,399</b>	<b>\$7,933</b>	<b>\$0</b>	<b>\$113,505</b>

**LIEUTENANT GOVERNOR'S OFFICE**

12 Lieutenant Governor's Office  
Lt. Governor Judy Martz x5551

**Program Description -** The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	3.00	.00	.00	3.00	.00	.00	3.00
Personal Services	153,486	6,418	0	159,904	5,271	0	158,757
Operating Expenses	36,349	7,727	0	44,076	7,630	0	43,979
<b>Total Costs</b>	<b>\$189,835</b>	<b>\$14,145</b>	<b>\$0</b>	<b>\$203,980</b>	<b>\$12,901</b>	<b>\$0</b>	<b>\$202,736</b>
General Fund	189,835	14,145	0	203,980	12,901	0	202,736
<b>Total Funds</b>	<b>\$189,835</b>	<b>\$14,145</b>	<b>\$0</b>	<b>\$203,980</b>	<b>\$12,901</b>	<b>\$0</b>	<b>\$202,736</b>



16 Citizens Advocate Office  
Myrna Omholt-Mason x3468

**Program Description -** The Citizens' Advocate Office exists to provide accessibility to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. A toll-free number is provided to the public for this purpose.

**Executive Budget Recommendation -**

- Maintain 4 year computer replacement cycle

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1.50	.00	.00	1.50	.00	.00	1.50
Personal Services	63,517	836	0	64,353	622	0	64,139
Operating Expenses	11,839	5,734	0	17,573	735	0	12,574
<b>Total Costs</b>	<b>\$75,356</b>	<b>\$6,570</b>	<b>\$0</b>	<b>\$81,926</b>	<b>\$1,357</b>	<b>\$0</b>	<b>\$76,713</b>
General Fund	61,066	6,202	0	67,268	1,029	0	62,095
Federal Special	14,290	368	0	14,658	328	0	14,618
<b>Total Funds</b>	<b>\$75,356</b>	<b>\$6,570</b>	<b>\$0</b>	<b>\$81,926</b>	<b>\$1,357</b>	<b>\$0</b>	<b>\$76,713</b>

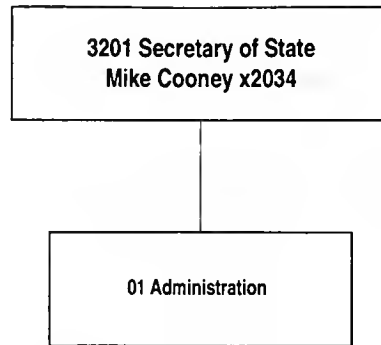
MENTAL DISABILITIES BOARD OF VISITORS

20 Mental Disabilities Bd. of Visitors  
Gene Haire x3955

**Program Description -** The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who represent, but are not limited to, consumers, doctors of medicine, and behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

**Statutory Authority –** Title 53, Chapter 20, part 1, MCA

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	3.50	.00	.00	3.50	.00	.00	3.50
Personal Services	135,753	2,020	0	137,773	1,946	0	137,699
Operating Expenses	36,010	2,253	0	38,263	2,316	0	38,326
<b>Total Costs</b>	<b>\$171,763</b>	<b>\$4,273</b>	<b>\$0</b>	<b>\$176,036</b>	<b>\$4,262</b>	<b>\$0</b>	<b>\$176,025</b>
General Fund	159,592	7,264	0	166,856	7,253	0	166,845
State/Other Special	12,171	(2,991)	0	9,180	(2,991)	0	9,180
<b>Total Funds</b>	<b>\$171,763</b>	<b>\$4,273</b>	<b>\$0</b>	<b>\$176,036</b>	<b>\$4,262</b>	<b>\$0</b>	<b>\$176,025</b>



**Mission Statement - To provide quality customer service.** In an ongoing effort to provide services to the customers of the Secretary of State, the office strives to promote an environment that nurtures and enhances the entrepreneurial spirit of Montana. In achievement of this mission, the Secretary of State advances the principle that government should work for and with its customers. Always striving to improve, not impede the process.

**Statutory Authority -** Article VI, Mont. Const.

**Program Description -** The Office of the Secretary of State provides a central processing, evaluation and filing point for business registrations, is responsible for the application of election laws, and maintains state records.

**Executive Recommended Legislation -**

- Electronic Commerce Legislation

### **Proprietary Rates**

**Program Description -** The Office of the Secretary of State conducts its daily operations through a single program, the Business and Government Services Program, which reflects the management philosophy and legislative intent that the office adopt management efficiencies and policies built from decisive planning processes.

'The Report on Internal Service and Enterprise Funds, 2001 Biennium' confirms that the office will continue to provide financial resources to sustain an efficient and low-cost base of operation. In addition, the office is committing substantial resources to improve and enhance automated systems in order to provide improved customer services.

**Revenues and Expenses -** A variety of fees charged for services are based on the cost for providing the service, with the caveat that the office must continue to fund all of its operations.

**Change in Provision of Service or Level of Fees -** There is no change.

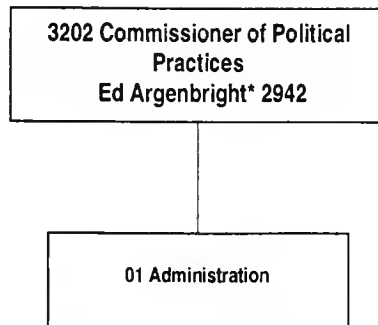
**Working Capital -** Working capital is not a consideration in the fees charged.

**Fund Equity and Reserved Cash Balance -** The office is committed to maintaining the fees at the same level, yet the costs of the office are inflating. By the end of the biennium, fund equity will be quite low, but reflect an increased level of information technology development.

**Cash Flow -** Cash flow evens out over the year, but the office has working cash because of pre-paid services in the areas of registrations and subscriptions.

**Rate Explanation -** Continued dedication to the "single entity" concept is reflected in the 'Report on Internal Service and Enterprise Funds, 2001 Biennium Fee/Rate Information.' During the 1997 Legislature, the office presented all fees for legislative review and approval. This review and approval confirms the office resource planning philosophy and facilitates the continued service-based funding.

The office is requesting that the legislature approve a rate structure that allows for continued support for the Secretary of State Office. Specific rates for services, which are published in ARMs or were established by the office, have remained unchanged for the last four years.



\* Term expires December 31, 1998

**Mission Statement** - To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials and state department directors, ethical standards of conduct for legislators, public officers and state employees and to investigate legitimate complaints that arise concerning any of the above.

**Statutory Authority** - Title 13, Chapter 37, and Title 2, Chapter 2, MCA

**Program Description** - The Commissioner of Political Practices is provided for in 13-37-102, MCA, which was enacted in 1975 as part of a campaign finance and practice law reform package, with duties and responsibilities set forth in Title 13, Chapter 37, part 1, MCA. Additional responsibilities for the office were created through passage of an initiative in 1980 which provided for both lobbying disclosure and disclosure of business interests of elected officials. In 1995 the Legislature enacted the code of ethics (Title 2, Chapter 2, MCA) and assigned to the Commissioner the responsibility for administering ethical standards of conduct for legislators, public officers and state employees.

**Supplemental Appropriation Description** - Legal expenses exceed budgeted amounts by \$167,398 general fund, including approximately \$70,000 for state court actions arising from the 1996 ballot issue I-122 and more than \$52,000 for two federal district court cases related to the 1994 limits on contributions passed in I-118 and the 1996 corporate contributions restrictions passed in I-125.

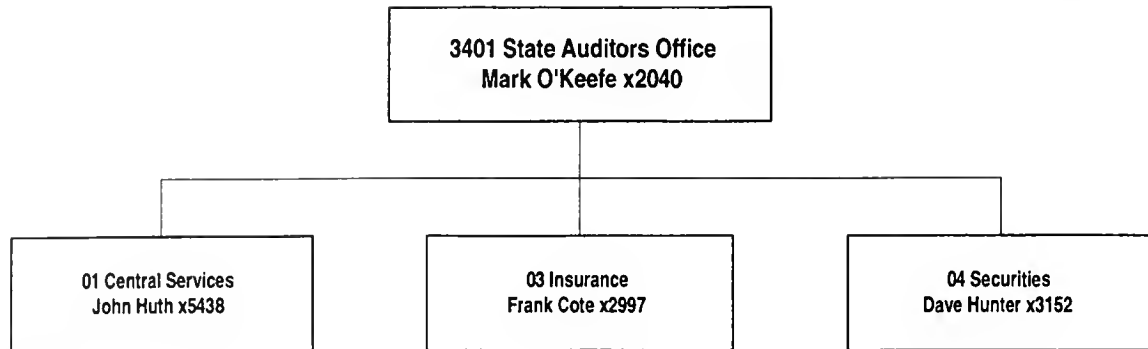
**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Lobbyists registered	630	741	741	750	750	750
Committees registered (all types)	275	275	280	300	300	300
Candidates registered (State, State District, and Local)	737	1836	1214	1865	1250	1865
Official complaints filed	7	18	5	20	10	20

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	6.25	.00	.00	6.25	.00	.00	6.25
Personal Services	150,539	49,682	0	200,221	48,495	0	199,034
Operating Expenses	136,509	6,212	14,060	156,781	1,953	10,560	149,022
<b>Total Costs</b>	<b>\$287,048</b>	<b>\$55,894</b>	<b>\$14,060</b>	<b>\$357,002</b>	<b>\$50,448</b>	<b>\$10,560</b>	<b>\$348,056</b>
General Fund	287,048	55,894	14,060	357,002	50,448	10,560	348,056
<b>Total Funds</b>	<b>\$287,048</b>	<b>\$55,894</b>	<b>\$14,060</b>	<b>\$357,002</b>	<b>\$50,448</b>	<b>\$10,560</b>	<b>\$348,056</b>

**New Proposals -**

- Purchase computer equipment and support



**Mission Statement** - The State Auditor is the Commissioner of Insurance and the Commissioner of Securities. The auditor also serves as a member of the Board of Land Commissioners and the Crop Hail Insurance Board. The auditor is charged with licensing, registering, and regulating insurance companies and producers, securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representative within the state.

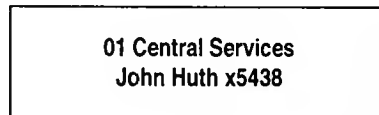
**Statutory Authority** - Title 30, Chapter 10, MCA, Securities Regulation, and Title 33, MCA, Insurance.

**Executive Recommended Legislation -**

- Funding change for the State Auditor's Office

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	69.25	2.75	1.00	73.00	2.50	1.00	72.75
Personal Services	2,248,758	259,623	41,172	2,549,553	239,645	40,882	2,529,285
Operating Expenses	798,001	77,163	10,725	885,889	48,603	8,225	854,829
Equipment	9,462	0	0	9,462	(9,462)	0	0
<b>Total Costs</b>	<b>\$3,056,221</b>	<b>\$336,786</b>	<b>\$51,897</b>	<b>\$3,444,904</b>	<b>\$278,786</b>	<b>\$49,107</b>	<b>\$3,384,114</b>
General Fund	2,269,230	61,663	0	2,330,893	41,815	0	2,311,045
State/Other Special	786,991	275,123	51,897	1,114,011	236,971	49,107	1,073,069
<b>Total Funds</b>	<b>\$3,056,221</b>	<b>\$336,786</b>	<b>\$51,897</b>	<b>\$3,444,904</b>	<b>\$278,786</b>	<b>\$49,107</b>	<b>\$3,384,114</b>

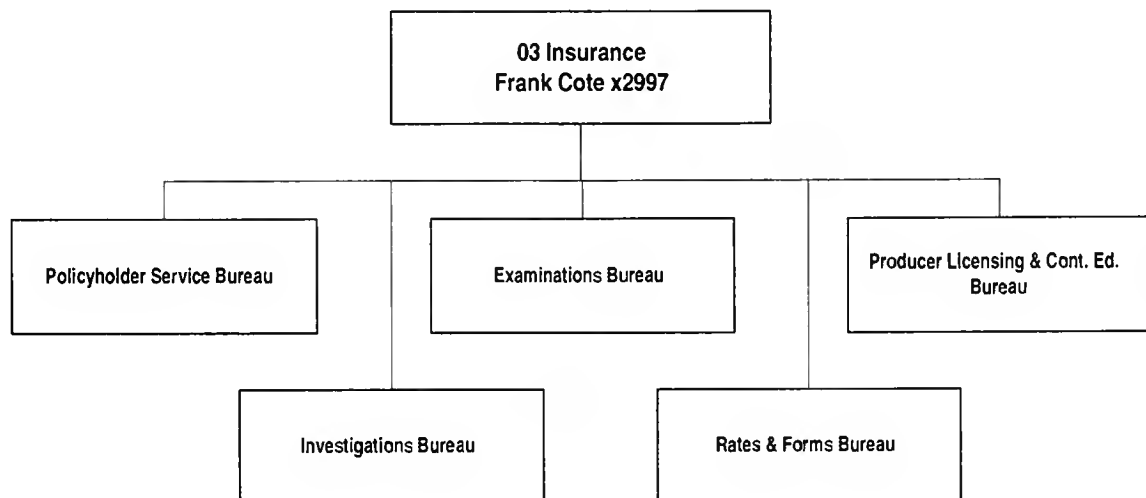
## CENTRAL SERVICES



**Program Description** - The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the State Auditor's Office. The division also provides the auditor support as the auditor fulfills his duties on the state land and hail insurance boards.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	9.00	0.50	.00	9.50	0.50	.00	9.50
Personal Services	308,993	50,983	0	359,976	48,658	0	357,651
Operating Expenses	81,632	11,559	0	93,191	8,392	0	90,024
<b>Total Costs</b>	<b>\$390,625</b>	<b>\$62,542</b>	<b>\$0</b>	<b>\$453,167</b>	<b>\$57,050</b>	<b>\$0</b>	<b>\$447,675</b>
General Fund	364,195	10,266	0	374,461	5,401	0	369,596
State/Other Special	26,430	52,276	0	78,706	51,649	0	78,079
<b>Total Funds</b>	<b>\$390,625</b>	<b>\$62,542</b>	<b>\$0</b>	<b>\$453,167</b>	<b>\$57,050</b>	<b>\$0</b>	<b>\$447,675</b>

## INSURANCE



**Program Description -** The Insurance Division regulates the insurance industry in Montana for the protection of Montana consumers. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Investigations Bureau investigates insurance code and rule violations, including possible criminal violations, and recommends cases for prosecution to county attorneys.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	43.00	2.00	1.00	46.00	2.00	1.00	46.00
Personal Services	1,567,569	176,387	41,172	1,785,128	169,137	40,882	1,777,588
Operating Expenses	610,759	54,967	10,725	676,451	33,754	8,225	652,738
Equipment	9,462	0	0	9,462	(9,462)	0	0
<b>Total Costs</b>	<b>\$2,187,790</b>	<b>\$231,354</b>	<b>\$51,897</b>	<b>\$2,471,041</b>	<b>\$193,429</b>	<b>\$49,107</b>	<b>\$2,430,326</b>
General Fund	1,513,819	37,670	0	1,551,489	21,323	0	1,535,142
State/Other Special	673,971	193,684	51,897	919,552	172,106	49,107	895,184
<b>Total Funds</b>	<b>\$2,187,790</b>	<b>\$231,354</b>	<b>\$51,897</b>	<b>\$2,471,041</b>	<b>\$193,429</b>	<b>\$49,107</b>	<b>\$2,430,326</b>

**Significant Present Law Adjustments -**

- Add 1.00 FTE licensing and certification technician and 1.00 FTE compliance specialist to address insurance portability workload

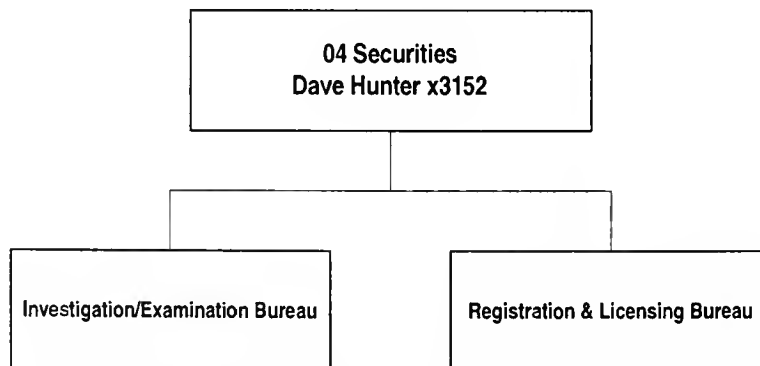
**New Proposals -**

- Add a workers' compensation insurance fraud investigator

**Language Recommendations -** The following HB2 language is recommended:

"The state auditor's office is authorized to spend up to \$117,600 in fiscal year 2000 and \$181,500 in fiscal year 2001 from the insurance fee account in the state special revenue fund for contract examinations."

**SECURITIES**



**Program Description -** The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana, and in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives; and for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$25 million. The Investigations Bureau investigates securities code and rule violations, including possible criminal violations, and recommends cases for prosecution to county attorneys.

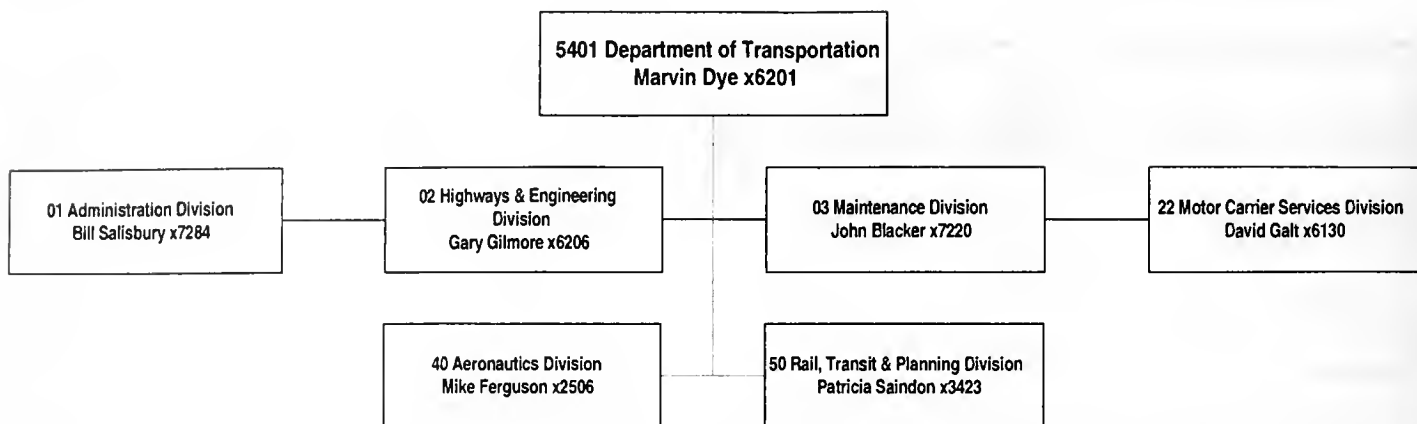
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.00	0.25	.00	11.25	.00	.00	11.00
Personal Services	372,196	32,253	0	404,449	21,850	0	394,046
Operating Expenses	105,610	10,637	0	116,247	6,457	0	112,067
<b>Total Costs</b>	<b>\$477,806</b>	<b>\$42,890</b>	<b>\$0</b>	<b>\$520,696</b>	<b>\$28,307</b>	<b>\$0</b>	<b>\$506,113</b>
General Fund	391,216	13,727	0	404,943	15,091	0	406,307
State/Other Special	86,590	29,163	0	115,753	13,216	0	99,806
<b>Total Funds</b>	<b>\$477,806</b>	<b>\$42,890</b>	<b>\$0</b>	<b>\$520,696</b>	<b>\$28,307</b>	<b>\$0</b>	<b>\$506,113</b>

**Significant Present Law Adjustments –**

- Living Trust 0.25 FTE is continued because the sunset occurs Oct. 1, 1999

**Language Recommendations -** The following HB2 language is recommended:

"The state auditor's office is authorized to spend up to \$12,000 in fiscal year 2000 and \$12,000 in fiscal year 2001 from the securities fee account in the state special revenue fund for contract examinations."



**Mission Statement** - To serve the public by establishing a transportation system that emphasizes safety, environmental preservation, cost-effectiveness, and quality.

**Statutory Authority** - Title 2, Chapter 15, part 25; and Titles 23 and 60, MCA; USC 134 and 135; Title 23, Chapter 1, CFR.

#### Executive Budget Recommendation -

- Implement expanded federal aid program (TEA-21)
- Provide fuel tax training for businesses
- Establish an electronic commerce system
- Perform seismic analysis and retrofit of highway bridges
- Develop a computer system for on-line highway construction bidding
- Restore seasonal employees for winter highway maintenance
- Improve road reporting and traveler services for the public
- Enhance roadway maintenance and pavement preservation
- Implement an automated licensing and permitting system for the motor carrier industry
- Activate an Internet retrieval service to coordinate trucking back-hauls
- Reduce program services in the Aeronautic Program due to declining revenues
- Update the statewide transportation plan

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1,819.51	111.00	48.75	1979.26	108.92	48.75	1977.18
Personal Services	69,000,484	5,533,523	1,493,780	76,027,787	5,140,713	1,491,162	75,632,359
Operating Expenses	245,780,766	91,260,446	2,522,935	339,564,147	87,719,979	1,774,436	335,275,181
Equipment	1,030,285	1,374,911	186,100	2,591,296	998,438	0	2,028,723
Capital Outlay	5,646,720	5,506,795	0	11,153,515	6,516,795	0	12,163,515
Local Assistance	250,000	0	0	250,000	0	0	250,000
Grants	3,774,647	528,243	2,211,375	6,514,265	78,243	2,265,810	6,118,700
Transfers	16,199	18,801	0	35,000	18,801	0	35,000
Debt Service	10,682	4,500	0	15,182	4,500	0	15,182
<b>Total Costs</b>	<b>\$325,509,783</b>	<b>\$104,227,219</b>	<b>\$6,414,190</b>	<b>\$436,151,192</b>	<b>\$100,477,469</b>	<b>\$5,531,408</b>	<b>\$431,518,660</b>
General Fund	250,000	0	0	250,000	0	0	250,000
State/Other Special	148,865,200	19,103,331	2,343,736	170,312,267	18,416,038	1,657,975	168,939,213
Federal Special	176,394,583	85,123,888	4,070,454	265,588,925	82,061,431	3,873,433	262,329,447
Proprietary	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$325,509,783</b>	<b>\$104,227,219</b>	<b>\$6,414,190</b>	<b>\$436,151,192</b>	<b>\$100,477,469</b>	<b>\$5,531,408</b>	<b>\$431,518,660</b>



**Working Capitol Discussion –**

At the end of the 1997 legislative session, the projected working cash for the end of the 2001 biennium was negative \$22,529,121 for the highway state special revenue (HSSR) account. Currently, going into the 1999 legislative session, the estimated working cash balance for the 2001 biennium is positive \$16,068,266. The primary reason for the nearly \$38 million dollar difference can be attributed to the fact that lower projections were based on expenditure of total appropriation authority. Historically, the Department of Transportation has under-spent appropriations due to the life-cycle of construction projects.

Also, during the deliberation of the HB610 Interim Transportation Funding Subcommittee, an issue was raised regarding the constitutionality of funding non-safety related functions of the Montana Highway Patrol with HSSR dollars. As a result of this issue being discussed again, the executive budget recommends transferring the expense of highway patrol prisoner per diem and associated medical expenses from the gas tax account to the state general fund. This transfer will result in increased HSSR fund equity of \$1,042,073 in FY 2000 and \$1,083,606 in FY 2001 in the highway state special revenue account.

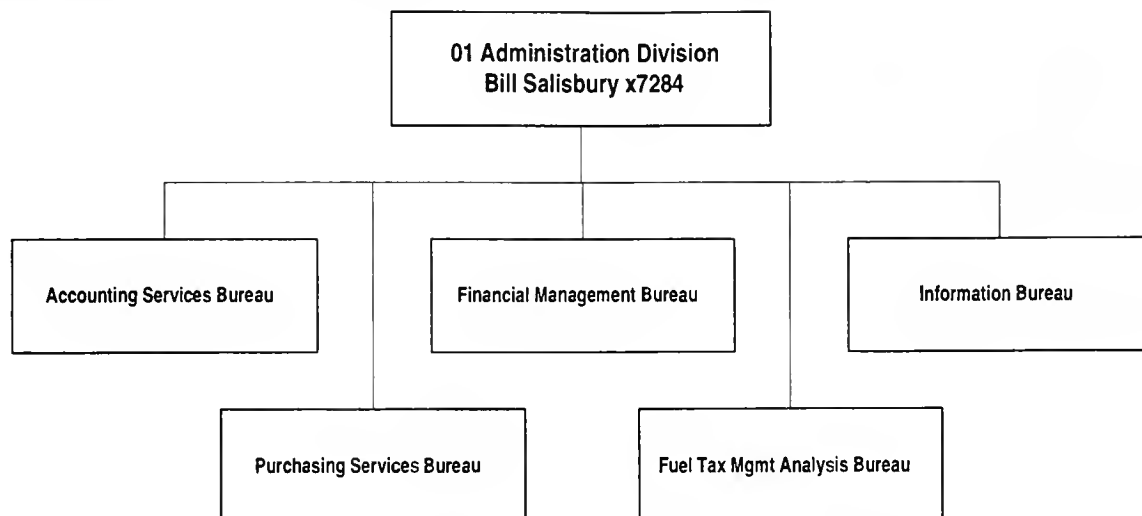
In addition, the Department of Transportation is requesting legislation to increase the department's ability to address fuel tax evasion. If passed, the legislation is estimated to increase revenues by about \$3 million per year beginning in FY 2000. The HB610 Interim Transportation Funding Subcommittee also is introducing legislation to reduce the vendor tax collection fee to 0.5%, to allow the department to retain interest earnings on the highway special revenue account, and to exempt the department from being required to go through the Department of Administration to dispose of surplus property. The combined estimated impact of this legislation would be almost \$1.8 million additional HSSR funds per year beginning in FY 2000.

According to the projected cash flow, the HSSR account is estimated to go negative in FY 2005. If the above recommended legislation is passed, the gas tax account will stay positive beyond FY 2006.

HIGHWAY STATE SPECIAL REVENUE ACCOUNT												
Office of Budget and Program Planning and the Department of Transportation												
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	
<b>BEGINNING WORKING CAS</b>	34,740,490	41,910,526	39,249,312	48,466,449	37,112,291	27,433,712	19,060,666	7,891,876	5,085,767	3,173,592	(533,917)	
<b>REVENUE</b>												
G V W	29,714,560	31,067,142	30,037,602	31,108,500	31,307,000	31,517,600	31,517,600	31,517,600	31,517,600	31,517,600	31,517,600	
Gas Tax	124,147,066	126,530,513	125,305,971	128,987,534	130,239,901	130,004,791	129,767,330	131,027,495	132,300,261	133,585,755	137,884,104	
Diesel Tax	47,216,300	43,917,370	47,888,506	48,646,692	49,133,159	49,624,491	50,120,735	50,621,943	51,128,162	51,639,444	52,155,838	
Sales & Reimbursements	2,103,739	2,418,745	2,521,033	3,646,000	3,646,000	3,646,000	3,646,000	3,646,000	2,600,000	2,600,000	2,600,000	
Transportation Planning	139,785	58,554	16,158	21,260	21,260	21,260	21,260	21,260	21,260	21,260	21,260	
OTHER												
Misc. Revenues	176,978	202,904	247,432	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	
Dept of Justice	93,583	195,594	461,010	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	
Tribal Distribution	(3,858,880)	(3,612,444)	(3,747,518)	(3,750,864)	(3,750,864)	(3,750,864)	(3,750,864)	(3,750,864)	(3,750,864)	(3,750,864)	(3,750,864)	
Prior Year Revenue Adj	302,997	941,292	(1,338,166)	0	0	0	0	0	0	0	0	
<b>TOTAL REVENUE</b>	200,036,128	201,719,670	201,392,028	209,041,122	210,978,456	211,445,278	211,704,061	213,465,434	214,198,419	215,995,195	220,809,938	
<b>AVAILABLE WORKING CAS</b>	234,776,618	243,630,196	240,641,340	257,507,571	248,090,747	238,878,990	230,764,727	221,357,310	219,284,186	219,168,787	220,276,021	
<b>EXPENDITURES</b>												
Motor Carrier Services	4,218,848	4,377,360	4,482,676	4,881,147	4,888,358	4,858,594	5,001,742	5,149,184	5,301,050	5,457,471	5,618,585	
General Operations	10,666,091	11,529,597	11,230,602	12,327,455	15,138,914	14,560,896	14,971,061	15,393,532	15,828,676	16,276,875	16,738,519	
Construction	64,474,162	75,389,974	65,007,977	83,535,545	76,175,366	75,438,114	75,217,817	75,383,285	75,548,218	75,563,477	75,542,740	
Maintenance	62,094,347	63,914,509	67,188,133	69,067,913	74,048,089	74,500,134	76,702,731	78,971,405	81,308,140	83,714,977	86,194,019	
Transportation Planning	950,000	1,445,864	1,019,547	1,038,525	1,431,063	1,424,568	1,464,318	1,505,260	1,547,430	1,590,866	1,635,604	
Headquarters Building	602,268	0	0	0	0	0	0	0	0	0	0	
A&E	1,626,510	1,724,340	987,187	1,400,000	1,662,500	1,662,500	1,662,500	1,662,500	1,662,500	1,662,500	1,662,500	
Local Government	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	
Bond Principal and Interest	15,257,853	15,324,184	15,213,921	13,936,402	13,932,718	13,935,352	13,938,852	3,798,551	0	0	0	
Dept of Justice	15,302,281	15,682,209	15,838,664	16,142,293	15,864,027	15,922,166	16,399,831	16,891,826	17,398,581	17,920,538	18,458,154	
Dept of Fish, Wildlife and Par	167,389	528,358	1,175,418	1,300,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	
Dept of Health (96&97)/Leg	45,484	99,166	9,137	0	0	0	0	0	0	0	0	
Entity Adjustment	(3,528,503)	(2,361,941)	(2,190,895)	0	0	0	0	0	0	0	0	
Prior Year Expenditure Adjus	4,223,362	(38,736)	(4,553,476)	0	0	0	0	0	0	0	0	
<b>TOTAL EXPENDITURES</b>	192,866,092	204,380,884	192,174,891	220,395,280	220,657,035	219,818,324	222,872,851	216,271,543	216,110,594	219,702,703	223,366,122	
<b>ENDING WORKING CASH B</b>	41,910,526	39,249,312	48,466,449	37,112,291	27,433,712	19,060,666	7,891,876	5,085,767	3,173,592	(533,917)	(3,090,101)	

## Notes:

1. The Maintenance Program budget for FY 2000 and FY 2001 includes \$2,675,000 per year for capitol projects.
2. Dept of Justice budget for FY 2000 and FY 2001 reflects decreased gas tax funding as recommended in the Executive Budget.
3. Program budgets are inflated 3% in the out years with the exception of the Construction program which is based on estimated federal aid program.



**Program Description -** The General Operations Program provides the administrative support services for the department, including general administration and management, accounting and budgeting, public affairs, computer systems support, personnel, and administration of motor fuel taxes.

Statutory Authority: 2-15-2501(3), MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	140.77	(0.50)	13.50	153.77	(0.50)	13.50	153.77
Personal Services	5,239,051	215,201	460,979	5,915,231	191,534	465,476	5,896,061
Operating Expenses	5,962,427	2,156,727	336,859	8,456,013	1,916,666	317,859	8,196,952
Equipment	212,258	739,062	186,100	1,137,420	621,512	0	833,770
Grants	74,999	0	0	74,999	0	0	74,999
Debt Service	4,763	0	0	4,763	0	0	4,763
<b>Total Costs</b>	<b>\$11,493,498</b>	<b>\$3,110,990</b>	<b>\$983,938</b>	<b>\$15,588,426</b>	<b>\$2,729,712</b>	<b>\$783,335</b>	<b>\$15,006,545</b>
State/Other Special	11,206,491	3,036,068	868,233	15,110,792	2,654,234	672,135	14,532,860
Federal Special	287,007	74,922	115,705	477,634	75,478	111,200	473,685
Proprietary	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$11,493,498</b>	<b>\$3,110,990</b>	<b>\$983,938</b>	<b>\$15,588,426</b>	<b>\$2,729,712</b>	<b>\$783,335</b>	<b>\$15,006,545</b>

**Significant Present Law Adjustments -**

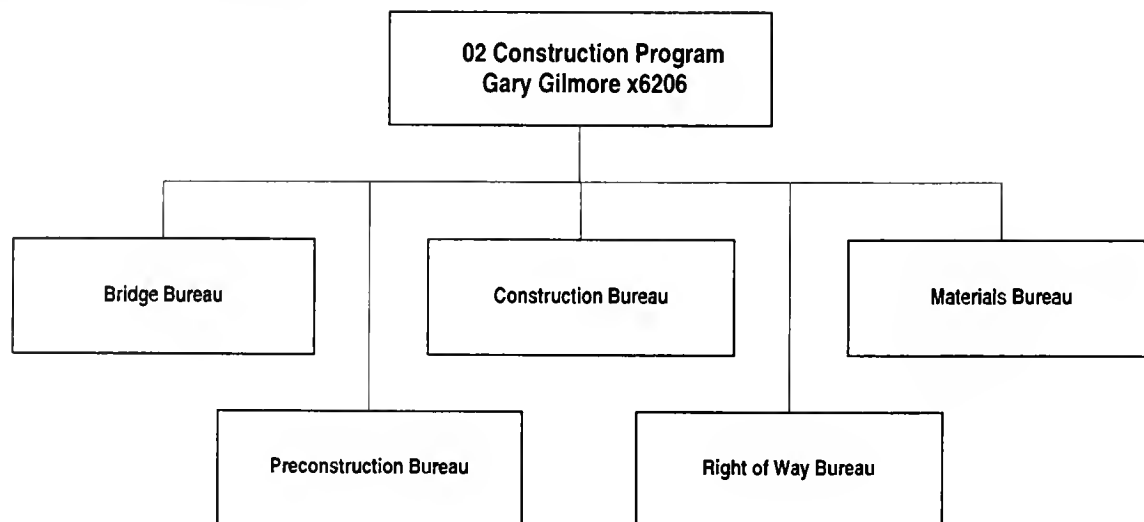
- Produce Montana highway maps
- Improve employee safety training and incentives
- Attend American Association of State Highway Transportation Officers training courses
- Accommodate increased demand for Disadvantaged Business Enterprise support services
- Educate the public on transportation safety and other issues
- Transfer Road Reporting positions to the Maintenance Program
- Maintain Disadvantaged Business Enterprises Supportive Services program
- Upgrade Computer Equipment and Software

**New Proposals -**

- Increase project financial management support
- Provide fuel tax training for businesses
- Increase Customer Satisfaction
- Implement TEA-21

- Add Utility Auditor Position
- Contract for Investigative Services
- Implement an electronic commerce system
- Maintain compliance review and audit staff training
- Add Motor Fuel Tax Auditors
- Support TEL 8 System operation and maintenance
- Contract for Administrative Support

## CONSTRUCTION PROGRAM



**Program Description** - The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project design, environmental documents and permits, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards.

**Statutory Authority** - 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

### Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Percentage of projects completed within 120 days of certificate of completion.	20.3%	28.0%	N/A	30%	35%	45%
Condition of interstate Pavement as measured by the Overall Performance Index (OPI) with a scale of 0-100*.	72.8	64.0	64.0	64.0	75.0	80.0
Condition of National Highway System pavements as measured by OPI*.	68.9	61.7	61.7	61.7	70.0	75.0

\* Laser sensors were purchased and retrofitted in 1997, which resulted in more accurate rut depth measurements. This accounts for the drop in OPI in 1997 because rutting is a significant component of OPI.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	889.83	82.50	14.25	986.58	80.42	14.25	984.50
Personal Services	33,031,284	3,544,395	390,576	36,966,255	3,349,917	387,847	36,769,048
Operating Expenses	196,336,341	85,348,579	1,327,369	283,012,289	81,526,188	530,369	278,392,898
Equipment	433,156	715,236	0	1,148,392	463,800	0	896,956
Capital Outlay	5,613,205	5,386,795	0	11,000,000	6,386,795	0	12,000,000
Grants	109,814	186	0	110,000	186	0	110,000
Debt Service	5,919	4,500	0	10,419	4,500	0	10,419
Total Costs	\$235,529,719	\$94,999,691	\$1,717,945	\$332,247,355	\$91,731,386	\$918,216	\$328,179,321
State/Other Special	65,007,977	10,378,972	788,417	76,175,366	10,116,845	313,292	75,438,114
Federal Special	170,521,742	84,620,719	929,528	256,071,989	81,614,541	604,924	252,741,207
Total Funds	\$235,529,719	\$94,999,691	\$1,717,945	\$332,247,355	\$91,731,386	\$918,216	\$328,179,321

**Significant Present Law Adjustments -**

- Implement expanded Federal Aid Program (TEA-21)
- Perform seismic analysis and retrofit of highway bridges
- Expand environmental services positions
- Create an additional core drill crew
- Add utility technician position to process utility relocation information

**New Proposals -**

- Develop Safety Management System software
- Hire a training and development specialist for a Technician Certification Program
- Contract to convert microfilm to an electronic document management system
- Expand research activity to help improve materials, specifications, and policies
- Implement new Contractor Payment System
- Increase Pavement Management System support
- Replace the Construction Management System
- Increase staff for the Strategic Highway Research Program
- Develop a computer system for on-line bidding
- Update the Preconstruction Management System
- Monitor wetland mitigation sites

**Language Recommendations -** The following language is recommended for HB2: "The department may adjust appropriations in the construction, maintenance, and transportation planning programs between state special and federal special revenue fund types, provided the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified on budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report. "

The department is requesting that all construction program appropriations be made biennial.

03 Maintenance Division  
John Blacker x7220

**Program Description** - The Maintenance Program is responsible for preserving and maintaining a safe and environmentally-sound state highway transportation system and its related facilities. Major maintenance activities include the patching, repair, and periodic sealing of highway surfaces; snow removal; and sanding.

**Statutory Authority** - 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Miles of road plowed during Winter Maintenance	2,900,000	3,800,000	2,000,000	2,800,000	2,800,000	2,800,000
Square yards of chipseal on Montana highways	5,400,000	5,400,000	6,100,000	6,200,000	6,200,000	6,200,000
Miles of 4" stripes applied to Montana highway	14,905	15,188	14,817	14,000	14,000	14,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	605.43	30.00	.00	635.43	30.00	.00	635.43
Personal Services	24,469,190	1,434,733	0	25,903,923	1,289,067	0	25,758,257
Operating Expenses	41,667,069	3,565,167	75,000	45,307,236	4,154,365	75,000	45,896,434
Equipment	176,207	2,807	0	179,014	1,320	0	177,527
Capital Outlay	33,515	120,000	0	153,515	130,000	0	163,515
<b>Total Costs</b>	<b>\$66,345,981</b>	<b>\$5,122,707</b>	<b>\$75,000</b>	<b>\$71,543,688</b>	<b>\$5,574,752</b>	<b>\$75,000</b>	<b>\$71,995,733</b>
State/Other Special	66,345,981	4,952,108	75,000	71,373,089	5,404,153	75,000	71,825,134
Federal Special	0	170,599	0	170,599	170,599	0	170,599
<b>Total Funds</b>	<b>\$66,345,981</b>	<b>\$5,122,707</b>	<b>\$75,000</b>	<b>\$71,543,688</b>	<b>\$5,574,752</b>	<b>\$75,000</b>	<b>\$71,995,733</b>

**Significant Present Law Adjustments -**

- Maintain rest area janitorial and other contracts
- Improve road reporting and traveler services to the public
- Improve roadway maintenance and pavement preservation
- Purchase land for maintenance areas
- Sustain winter maintenance supply stockpiles
- Maintain level of noxious weed control
- Add maintenance positions due to increased workload
- Restore seasonal employees for winter maintenance

**New Proposals -**

- Develop an updated maintenance manual

**Language Recommendations** - The HB2 language recommended is as follows:

"The department may adjust appropriations in the construction, maintenance, and transportation planning programs between state special and federal special revenue fund types, provided the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified on budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report."

The department is requesting that all maintenance program appropriations be made biennial.

**Program Description** - The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and to employees in the Helena area to conduct official state business.

**Statutory Authority** - Title2, Chapter 17, part 4, MCA.

**Language Recommendations** - The following language is recommended in HB2:

"The State Motor Pool may charge rates as necessary to establish and maintain a 60-day working capital reserve to operate the program."

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of vehicles maintained and provided for state employee use	278	319	389	494	589	655

**Proprietary Rates**

**Program Description** -The goal of the motor pool is to provide cost-effective and reliable vehicles to state employees conducting official business on a daily and extended use basis. To achieve this goal, the motor pool maintains a fleet of vehicles that meets the needs of the two distinct user groups: daily rental and out-stationed. Each group has its own distinct requirements and management objectives.

The daily rental fleet is the core group of vehicles stationed in Helena to provide daily transportation to Helena-based employees. Out-stationed vehicles are those on extended assignment to agencies and are primarily stationed outside the Helena area.

Due to the increase in out-stationed vehicles, the motor pool fleet has expanded from 197 vehicles in FY 1994 to 515 vehicles in FY 1998. Based on current requests, the number of out-stationed vehicles will increase another 233 vehicles by the end of the 2001 biennium. From 1994 to 1998, the miles driven has increased from 4.1 million to 6.5 million miles, and the additional 233 units will increase the total mileage by another 2.5 million miles. The increase in the number of vehicles is a result of the Office of Budget and Program Planning (OBPP) requiring motor pool use by other than Helena-based users due to the significant budget savings achieved. The Vehicle Fleet Management limited scope performance audit in 1996 supported this policy direction as well.

**Revenues and Expenses -**

**Changes in the provision of service or level of fees** - The State Motor Pool had responsibility for the acquisition, repair, and maintenance of a fleet of 515 vehicles at the end of FY 1998. Operational costs and revenues for the fleet are functionally tied to the travel requirements of the various user agencies. The program has increased from 197 units in FY 1994 to 515 in FY 1998. During that time, mileage increased from 4.1 million to 6.5 million miles, and the program projects an additional 2.5 million miles by the end of FY 2001. The increased mileage is based on agency projected miles of travel for the additional vehicles requested and approved by the OBPP for FY 2000 and FY 2001.

The program requires loans from the Board of Investments (BOI) to purchase vehicles. As the cost and number of vehicles purchased increase, the principal and interest payments will increase. A passenger car purchased for \$10,362 in 1990 costs \$14,260 in 1998, a 38% increase. Pickups purchased for \$10,341 in 1990 cost \$21,789 in 1998, an 111% increase. A 2% to 5% annual vehicle price increase is not uncommon. Loan interest costs increase or decrease depending upon interest rates set at the time of the loan. The outstanding loan balance and the interest and principal payments have the greatest impact on whether the rates will increase or decrease. Rental rates have to be set to recover sufficient revenues to meet loan principal and interest payments and operating cost, or assets will have to be sold.

Motor pool rental rates will be sufficient to ensure continuation of the program and not exceed the 60- day operating cash balance. The Motor Pool program has 6.00 FTEs.

**Working Capital** - A 60-day ending cash balance is sufficient to cover the routine operating cycles; however, the 60-day balance is a targeted maximum and actual fiscal year end cash balances have been less than the 60 days allowable. Each fiscal year, interest and principal payments have to be met. To meet the payment deadlines, the program will have more than 60 days cash available; however, after the payments are made the program will be within the 60 days allowable. Any excess cash in the program will be used to reduce the outstanding principal balance. The users would benefit from any additional principal payments through decreased rental rates.

**Fund Equity and Reserved Fund Balance** - The fund equity balance, as detailed on the "Report on Internal Service and Enterprise Funds, 2001 Biennium", will remain approximately the same through the biennium. Revenues are anticipated to equal operational expenditures, and the working cash is projected to be less than the 60 days maximum allowable by the end of each fiscal year.

**Cash Flow** - Revenue is generated through rental rates, sale of assets, and accounts receivable. The primary source of revenue is from vehicle usage. The current billing cycle is on a monthly basis (30-day cycle). A vehicle usage slip is received and is used to bill the user agency. At the beginning of each new fiscal year, it is not uncommon for the motor pool to receive revenues for usage in the months of July and August in September. This is primarily due to the fiscal year end close out, and agencies working on current fiscal year budgets. The motor pool also receives revenue from the sale of replaced vehicles. Auction revenues vary depending on the amount and types of units sold. The program receives reimbursements for accident damages by private individuals or insurance companies. The amount generally just covers the repair cost and does not increase the cash position.

The program objective is to develop rates that will provide sufficient revenues to cover operating expenses, repay loan principal and interest, and not exceed 60-day working cash at fiscal year end.

**Rate Explanation** -Motor pool rental rates provide a means to view vehicle costs in terms of services provided. The rates permit the users to see the full cost of their operations, and they can focus their attention on improved utilization and effective scheduling of vehicles. Rental rates make the program self-sufficient by recovering all fleet operating, maintenance, and ownership costs. To ensure that there will be sufficient revenue to make principal and interest payments, the State Motor Pool charges a minimum daily possession rate. The user will pay which ever is greater: the mileage rate times the miles driven or the number of days times the daily rate. The daily rate only applies only if the monthly revenue for a vehicle is less than the daily charge for the billing cycle.

The rates are developed using information from the Motor Pool Management System (MPMS). The MPMS tracks all costs associated with every vehicle in the fleet, accumulates individual unit operating costs, and generates a class average. Rates are then developed using the MPMS and SBAS data in conjunction with the process outlined in Chapter 16 of the Department of Transportation Accounting Manual.

The rental rates will reflect an increase for principal and interest payments for the additional units to be purchased based on the OBPP approved requests as adopted by the Legislature. Operational rate adjustments will be minimal. Total operational expenditures will increase due to the increased miles of usage.

## EQUIPMENT PROGRAM

**Program Description** - The Equipment Program is responsible for the purchase, distribution, and maintenance of all highway equipment and vehicles necessary to meet the DOT construction, maintenance, and gross vehicle weight enforcement needs. The equipment, which operates under a proprietary fund, is rented to the other programs within the Department of Transportation. As a support program, the Equipment Program is authorized by statutes governing construction and maintenance.

**Language Recommendations** - The following language is recommended for HB2:  
"The equipment program may charge rates necessary to establish and maintain a 60-day working capital balance to operate the program."

### Program Indicators –

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of units maintained and provided for DOT use	4,121	4,041	4,039	4,075	4,090	5,005



## Proprietary Rates

**Program Description** -The Equipment Program is responsible for the acquisition, repair, and maintenance of a fleet of approximately 4,000 individual units used by the Department of Transportation to perform daily activities. The fleet is comprised of light duty vehicles (cars, pickups, vans, and medium and heavy duty trucks); single and tandem axle dump trucks; specialized snow removal units (plows, sanders, and snow blowers); roadway maintenance units (loaders, graders, mowers, crack sealers, sweepers, and rollers); and specialized equipment (core drills, air compressors, office trailers, and sign washers).

Annual fleet usage varies depending on weather and user requirements. Since 1994, the miles of travel has varied from a low of 16.7 million in 1994 to a high of 20.1 million in 1997. Annual usage of heavy equipment has varied from a low of 112,992 hours in 1994 to 147,579 hours in 1997. Program projections for 2001 biennium anticipate 19.0 million miles of travel and 135,000 hours of heavy equipment usage each fiscal year. The increase is attributed to the additional funding in the federal highway bill (TEA-21) and winters returning to a more normal cycle.

## Revenues and Expenses –

**Changes in the provision of service or level of fees** - Operational costs and revenues for the fleet are functionally tied to the severity of the winter and travel requirements of the various department users. Annual mileage and hours of usage vary significantly. The program anticipates an increase of 2.0 million miles of travel and 15,000 hours of usage each fiscal year of the 2001 biennium. The projected increase is primarily due to the new federal highway bill (TEA-21) and winters returning to a more normal pattern. Additional funding is required to cover anticipated increased expenditures for cutting edges for snow plows and repair parts that are a result of the increased usage. The rental rate is not anticipated to vary significantly.

The program will increase expenditures for capital asset purchases. For the past ten years, the capital asset budget has been approximately \$4 million. During this period, the cost of vehicles and equipment has steadily increased, which erodes purchasing power. The requested increase will allow the program to purchase fleet replacements. A passenger car purchased for \$10,362 in 1990 costs \$14,260 in 1998, a 38% increase. Pickups purchased for \$10,341 in 1990 cost \$21,789 in 1998, an 111% increase. A 2% to 5% annual increase is not uncommon. Rental rates will be increased to generate the necessary revenue to accommodate the increased capital asset purchases. The equipment rates will be sufficient to ensure the program will have revenue to cover normal operating expenses, acquire the additional capital assets, and not exceed the 60-day operating cash balance.

The equipment program has 118.50 FTEs dispersed statewide in 11 area shops, 4 satellite and headquarters shops, and office staff in Helena. The number of FTEs per site is dependent on the number of units to be maintained.

**Working Capital** - A 60-day ending cash balance is sufficient to cover the routine operating cycles in the Equipment Program; however, the 60-day balance is a targeted maximum and actual fiscal year end cash balances have been less than the 60 days allowable. If the program should finish the fiscal year with less than 60 days cash, the program would require a loan to pay the annual fleet insurance payment and meet routine operational expenditures. The fund would be in a better financial position if it were to carry 60 days cash, plus the anticipated July insurance payment. That would reduce the need for an operational loan to pay the annual insurance payment, if the actual cash is less than 60 days. To meet obligations, the program should maintain \$1.6 to \$2.0 million in working cash at fiscal year end.

**Fund Equity and Reserved Fund Balance** - The fund equity balance, as detailed on the "Report on Internal Service and Enterprise Funds, 2001 Biennium", will remain approximately the same through the biennium. The program is not projecting to expand. Revenues are anticipated to equal operational expenditures, and the working cash is projected to be less than the 60-day maximum allowable at the end of each fiscal year. In FY 1999, the program fund equity balance reflects equipment, purchased through a federal program, which was donated to the Equipment Program. The donated equipment was for mitigating air quality in non-attainment areas within the state. The Equipment Program will have to maintain the equipment received.

**Cash Flow** - Revenue is generated through rental rates, sale of assets, and accounts receivable. The primary source of revenue is from vehicle and equipment usage. Actual miles of travel and hours of usage are reported and billings generated on the same biweekly schedule as the payroll. Approximately \$650,000 in rental revenue is generated every two weeks. Rental revenue varies with the season, weather conditions, and workloads. Auction revenue is generated

through the sale of vehicles and equipment that has been replaced. There are generally two auctions each year. The first is around the end of September and the second in May. Auction revenue varies between \$250,000 and \$500,000 depending on the amount and types of units sold. The program also receives revenue for accident damages that are reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage.

Depending on fiscal year end cash, the timing of expenditures, and receipt of revenues, the program may have to obtain a loan to meet obligations. If a loan is required, it will have to be repaid by the end of the current fiscal year. Fluctuations in the cost of fuel, repair parts, supplies, weather conditions, and the timing of expenditures, such as the fleet insurance payment, all affect the cash position. The goal is to develop rates that will provide sufficient revenue to cover expenses and not exceed the 60-day working cash.

**Rate Explanation** -Equipment rental rates provide a means to view equipment costs in terms of services provided by the equipment management function. Rates permit the users to see the full cost of their operations, give the user the visibility over full costs and true value of equipment, and focus attention on improved utilization of equipment and effective equipment scheduling. Because the Equipment Program is self-sufficient, rental rates provide a means to fully recover all operating, maintenance, and ownership costs. Rental rates also distribute equipment costs equitably to all Department of Transportation users.

The program rental rates are based on a "dual rate" structure, meaning the users will reimburse the program for actual miles/hours (usage rate) and a rate for possession (assigned time rate).

The usage rate (direct costs) is a per mile or hourly rate that is applied to a vehicle or piece of equipment for the actual miles/hours in service. Direct costs include labor, parts and accessories, fuel, lubricants, and tires and tubes. The actual operational costs for each sub-class for the past rental period are adjusted to produce an estimated cost for future periods. These adjustments will consider any projected cost increases in fuel, parts, tires, etc.

The assigned time rate (indirect costs) is a rate per hour for each vehicle or piece of equipment assigned to an area, whether the equipment is used or not. The indirect costs include labor not chargeable to a particular piece of equipment, utilities, miscellaneous shop and equipment supplies, non-reimbursable equipment damage expenses, insurance, and depreciation. Assigned time rates are applied on an hourly basis, subject to the working hour limitations of the different categories. There are three assigned rental categories: equipment assigned on a yearly basis (2080 hours), specialized snow removal equipment assigned on a winter seasonal basis (800 hours), and equipment generally used from early spring to late fall (1200 hours). The assigned time rate is developed to recover all fixed cost associated with the fleet. The rate recovers or returns any gains or losses, is adjusted for yearly replacements, and additional fixed operating expenses. Assigned time rates are developed for 105 separate vehicle and equipment sub-classifications annually.

Charging equipment rental on a dual rate process results in reduced variances between projected expenditures and actual levels of cost recovery. The dual rate system is a common process and is an acceptable and approved process for federal program reimbursement.

The rates for the program are developed using information from the Equipment Management System (EMS). EMS tracks all direct and indirect costs associated with every piece of equipment in the fleet. The individual unit costs are the starting point for the rate development process. EMS converts actual operating costs to average cost for each sub-group within the fleet. Rates are developed using EMS and SBAS data in conjunction with the process outlined in Chapter 16 of the Department of Transportation Accounting Manual.

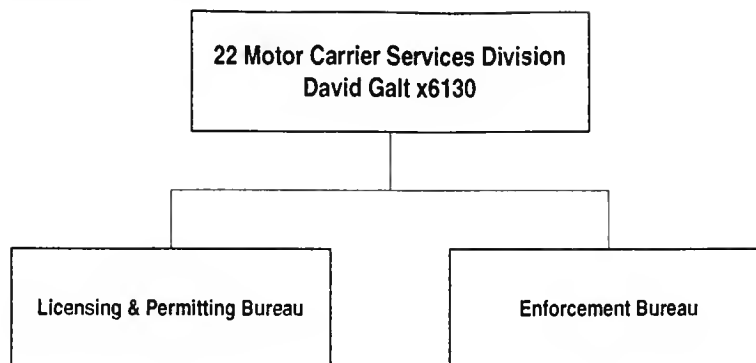
The rental rates will reflect an increase to cover the increased cost of vehicles and equipment. The purchase cost of vehicles and equipment has increased significantly and the program needs to increase capital expenditures to provide yearly vehicle and equipment replacements. Operational cost adjustments will be minimal. The anticipated increase in operations should offset any projected operational expenditures without raising the rate.

**Significant Present Law –**

- Add mechanic positions for equipment maintenance

**New Proposals –**

- Purchase diagnostic computers for maintenance shops



**Program Description** - The Motor Carrier Services Division protects Montana's and the federal government's investment in the Montana highway system and assures the safety of the traveling public through regulation of the commercial motor carrier industry and enforcement of state and federal commercial motor carrier laws and regulations.

The Enforcement Bureau is a statewide organization comprised of uniformed peace officers who conduct a statewide mobile enforcement program and operate permanent weigh station facilities located throughout the state. Uniformed officers inspect and enforce state and federal safety regulations applicable to commercial motor vehicles and operators, vehicle registration, fuel compliance, size and weight, and insurance.

The Licensing and Permitting Bureau provides service to the motor carrier industry for commercial vehicle licensing and registration, fuel, single state registration, insurance, and over dimensional and overweight permits.

**Statutory Authority** - Title 61, Chapter 10, MCA.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Service and enforcement contacts*	60,601	54,658	69,424	70,500	71,500	72,500
Trucks weighed	710,299	657,867	661,071	665,000	684,950	719,197

\* A contact includes issuing oversize/overweight permits, performing commercial vehicle and driver safety inspections, issuing citations, taking commercial vehicle samples, and weighing trucks.

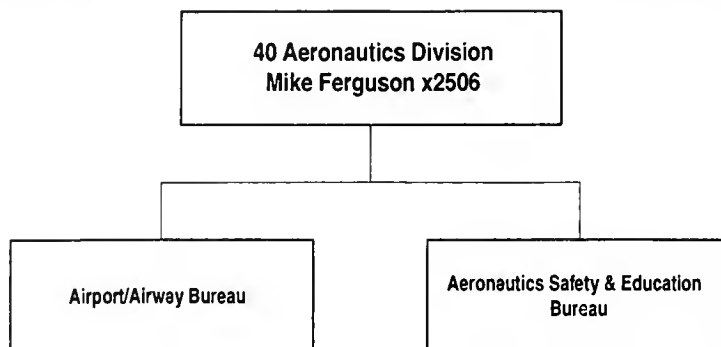
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	112.63	.00	.00	112.63	.00	.00	112.63
Personal Services	3,700,964	255,172	0	3,956,136	236,065	0	3,937,029
Operating Expenses	780,952	50,510	100,000	931,462	52,853	87,000	920,805
Equipment	760	0	0	760	0	0	760
<b>Total Costs</b>	<b>\$4,482,676</b>	<b>\$305,682</b>	<b>\$100,000</b>	<b>\$4,888,358</b>	<b>\$288,918</b>	<b>\$87,000</b>	<b>\$4,858,594</b>
State/Other Special	4,482,676	305,682	100,000	4,888,358	288,918	87,000	4,858,594
<b>Total Funds</b>	<b>\$4,482,676</b>	<b>\$305,682</b>	<b>\$100,000</b>	<b>\$4,888,358</b>	<b>\$288,918</b>	<b>\$87,000</b>	<b>\$4,858,594</b>

**Significant Present Law Adjustments -**

- Maintain high speed weigh-in-motion scales

**New Proposals -**

- Implement an internet retrieval service to coordinate trucking back-hauls
- Implement an automated licensing and permitting system for the motor carrier industry



**Program Description** - The Montana Aeronautics Division facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; fosters, promotes and supervises aviation and aviation safety through educational efforts and programs; registers aircraft and pilots in accordance with Montana laws and regulations; and coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division mission, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loans and grants and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the US Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division represents state aviation-related interests in meetings with federal and state governmental agencies, aviation associations, aircraft manufacturers and commercial airlines. Operation of the air carrier airport at West Yellowstone, together with operating and maintaining 12 other state-owned airports, is another division function.

**Statutory Authority** - 2-15-2501(2), MCA; Title 67, MCA; and various federal laws.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Pilots registered	2,480	2,484	2,488	2,496	2,500	2,550
Aircraft registered	3,050	3,103	3,132	3,200	3,200	3,250
Search and Rescue incidences	91	104	93	95	95	95
Loans administered	4	5	5	5	6	6
Grants distributed	6	10	9	11	12	12

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	8.75	(1.00)	.00	7.75	(1.00)	.00	7.75
Personal Services	335,157	(27,079)	0	308,078	(28,606)	0	306,551
Operating Expenses	307,917	(52,372)	0	255,545	(52,731)	0	255,186
Grants	171,943	278,057	0	450,000	(171,943)	0	0
Transfers	16,199	18,801	0	35,000	18,801	0	35,000
<b>Total Costs</b>	<b>\$831,216</b>	<b>\$217,407</b>	<b>\$0</b>	<b>\$1,048,623</b>	<b>(\$234,479)</b>	<b>\$0</b>	<b>\$596,737</b>
State/Other Special	761,601	217,407	0	979,008	(234,479)	0	527,122
Federal Special	69,615	0	0	69,615	0	0	69,615
<b>Total Funds</b>	<b>\$831,216</b>	<b>\$217,407</b>	<b>\$0</b>	<b>\$1,048,623</b>	<b>(\$234,479)</b>	<b>\$0</b>	<b>\$596,737</b>

**Significant Present Law Adjustments -**

- Reduce program services due to declining revenues
- Increase grant authority to the required statutory level
- Pass through money to the West Yellowstone Airport

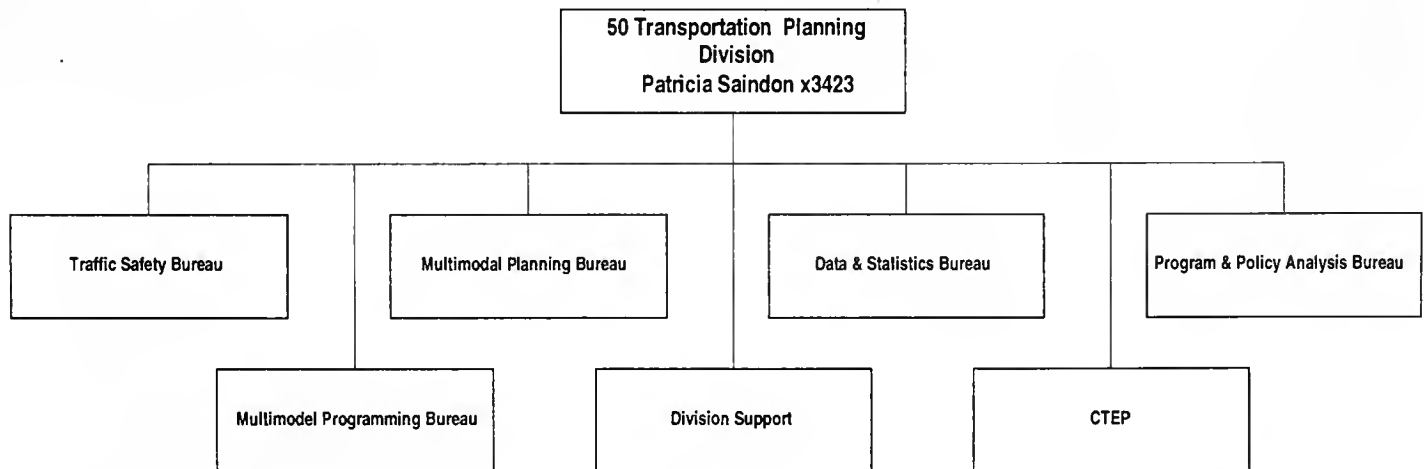
**Proprietary Rates**

**Program Description** -The Yellowstone Airport provides a fly-in gateway to the Town of West Yellowstone, Yellowstone Park and surrounding U.S. Forest Service area recreational opportunities. The airport is seasonal in its operation matching the peak tourist demand of the area from June 1st to September 30th annually. The airport serves as an Inter-Agency Fire Control Center with both smoke jumpers and fire retardant bombers located at the airport. The airport accomplishes these missions with extensive facilities to accommodate aircraft that range in size from C-5 Galaxy to Cessna 172, general aviation type aircraft.

Facilities are a terminal building that has as tenants a cafe, gift shop, two car rental agencies, fixed based operation (FBO) serving general aviation, and Skywest Airlines. The airport has an 8,399' X 150' runway with full parallel taxiway. The airport is fully instrumented for landings in inclement weather. Additionally, the airport has a crash fire rescue building with a crash fire rescue truck for airport emergencies. The airport is certified by the Federal Aviation Administration in the Limited Operating Certificate category.

Fees for provided services are market based. There are no increases planned in the 2001 biennium for landing fees, building fees, fuel flowage fees, sales receipts, and non-aero rentals.

**TRANSPORTATION PLANNING DIVISION**



**Program Description** - The Transportation Planning Division provides: 1) an accurate inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; 3) traffic improvement and educational programs to promote public safety, health, and welfare; and 4) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and road improvements, railroad track rehabilitation, transportation enhancements for non-motorized and beautification improvements, and education programs for public safety and information.

**Statutory Authority** - 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Federal aid resources for Montana which lapsed and were made available to other states	0%	0%	0%	0%	0%	0%
High priority goals and objectives in the DOT long-range plan which progressed significantly or were completed	N/A	93%	93%	93%	95%	95%

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	62.1	.00	21.00	83.10	.00	21.00	83.10
Personal Services	2,224,838	111,101	642,225	2,978,164	102,736	637,839	2,965,413
Operating Expenses	726,060	191,835	683,707	1,601,602	122,638	764,208	1,612,906
Equipment	207,904	(82,194)	0	125,710	(88,194)	0	119,710
Local Assistance	250,000	0	0	250,000	0	0	250,000
Grants	3,417,891	250,000	2,211,375	5,879,266	250,000	2,265,810	5,933,701
<b>Total Costs</b>	<b>\$6,826,693</b>	<b>\$470,742</b>	<b>\$3,537,307</b>	<b>\$10,834,742</b>	<b>\$387,180</b>	<b>\$3,667,857</b>	<b>\$10,881,730</b>
General Fund	250,000	0	0	250,000	0	0	250,000
State/Other Special	1,060,474	213,094	512,086	1,785,654	186,367	510,548	1,757,389
Federal Special	5,516,219	257,648	3,025,221	8,799,088	200,813	3,157,309	8,874,341
<b>Total Funds</b>	<b>\$6,826,693</b>	<b>\$470,742</b>	<b>\$3,537,307</b>	<b>\$10,834,742</b>	<b>\$387,180</b>	<b>\$3,667,857</b>	<b>\$10,881,730</b>

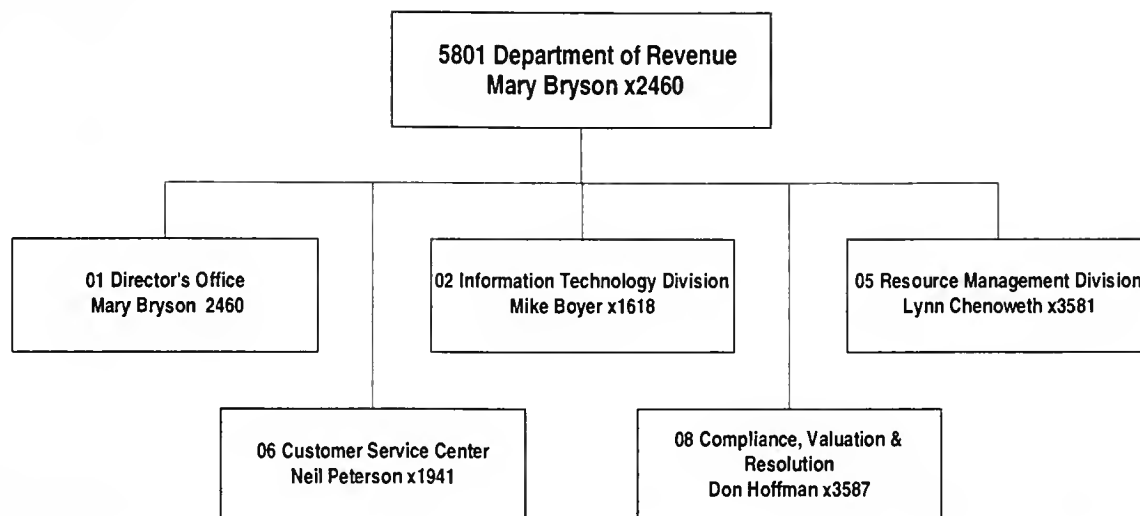
**Significant Present Law Adjustments -**

- Update urban transportation plan
- Distribute Traffic Safety Program grants

**New Proposals -**

- Add FTE to maintain Tranplan 21
- Distribute Federal Transit Administration local match pass-through funds
- Maintain State Trucking Activities Reporting System Program
- Implement TEA-21
- Perform a statewide transportation plan update
- Digitize the Montana tourist map
- Lead a pooled fund study of rural Intelligent Transportation System applications
- Update the Montana State Rail Plan
- Change accounting practice for distributing grant dollars for modifying public transportation systems to accommodate individuals with developmental disabilities

**Language Recommendations -** Language recommended for HB2 is as follows: "The department may adjust appropriations in the construction, maintenance, and transportation planning programs between state special and federal special revenue fund types, provided the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified on budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report."



**Mission Statement** - The Department of Revenue is a service-oriented and accountable organization where customers and employees are treated with courtesy, respect, and fairness; and where effective revenue, compliance, and collection services are provided to the public and to other governmental units in a fast, accurate, and cost effective manner.

**Statutory Authority** - Titles 2, 15, 16, MCA

**Reorganization** - The Montana Department of Revenue (DOR) has launched a comprehensive change program called Project META, designed to significantly improve the manner in which the department conducts its business. Meeting the challenge of increased efficiency at a lower cost, along with providing the level of service desired by our customers, requires changes to the structure of the department. Over several years, the department will become a process-centered organization, integrating business processes and information systems, and putting a greater focus on customer service. The department will perform the same functions, but under a different organizational structure. Department divisions will no longer be organized around tax types, but instead around common business processes. For example, data and information processing will be handled as one business process, whether the data collected is for individual income tax, business tax, corporate tax, or property assessment.

**Executive Recommended Legislation** -

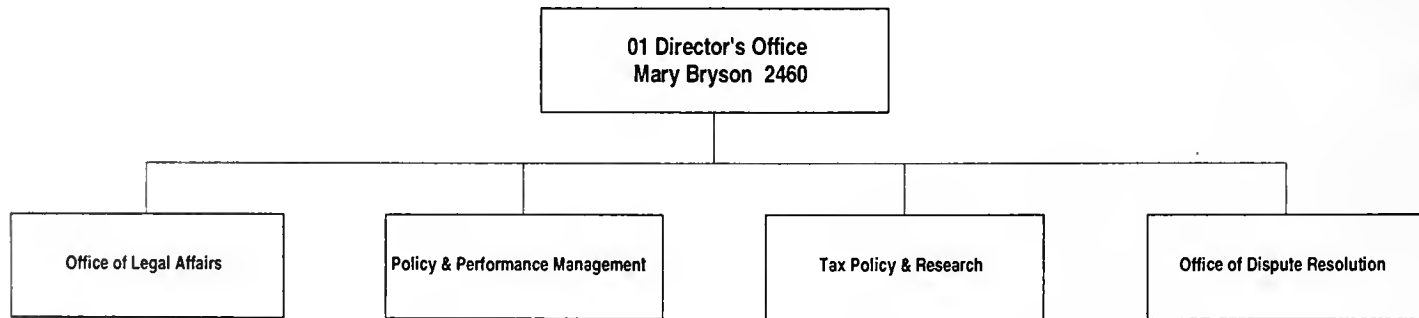
- Enhance efficiencies of Customer Service Center
- Expand One Stop license registration
- Allow government entities to own and lease liquor licenses
- Standardize penalty and interest rates and make penalties time-sensitive on late tax returns
- Provide an automatic six-month extension for filing Montana individual income tax returns
- Establish a new dispute resolution process for resolving disputes with DOR

**Executive Budget Recommendation** -

- Implement the department efficiencies and reorganization by moving program 06, Customer Service Center, into a proprietary environment
- Maximize productivity within the department by an increase in training opportunities

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	646.76	(12.00)	(121.70)	513.06	(29.00)	(121.70)	496.06
Personal Services	20,132,068	750,835	(3,239,241)	17,643,662	309,885	(3,228,538)	17,213,415
Operating Expenses	6,992,435	(64,528)	3,374,520	10,302,427	(144,555)	3,494,534	10,342,414
Equipment	273,901	2,074	(148,025)	127,950	2,074	(148,025)	127,950
Debt Service	39,744	0	(2,634)	37,110	0	(2,634)	37,110
<b>Total Costs</b>	<b>\$27,438,148</b>	<b>\$688,381</b>	<b>(\$15,380)</b>	<b>\$28,111,149</b>	<b>\$167,404</b>	<b>\$115,337</b>	<b>\$27,720,889</b>
General Fund	25,269,223	575,579	(682,206)	25,162,596	59,654	(551,424)	24,777,453
State/Other Special	235,416	18,840	(1,808)	252,448	18,028	(1,820)	251,624
Federal Special	1,933,509	93,962	14,342	2,041,813	89,722	14,289	2,037,520
Proprietary	0	0	654,292	654,292	0	654,292	654,292
<b>Total Funds</b>	<b>\$27,438,148</b>	<b>\$688,381</b>	<b>(\$15,380)</b>	<b>\$28,111,149</b>	<b>\$167,404</b>	<b>\$115,337</b>	<b>\$27,720,889</b>

## DIRECTOR'S OFFICE



**Program Description** - The Director's Office provides management control, coordination of policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. Legal services staff advise other program staff and handle tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes Policy & Performance Management, Tax, Policy & Research and Dispute Resolution.

Policy & Performance Management supports department core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, and planning for the department. It measures and facilitates the performance of department processes and ensures that revenue-related legislation is implemented efficiently. Department change initiatives are also coordinated and managed through Policy & Performance Management.

Tax Policy & Research (TPR) is responsible for the state revenue estimation process, coordination of Department of Revenue (DOR) legislation and fiscal notes, review of all legislation which is related to revenue, and conducting revenue-related research for the DOR and for external stakeholders.

Dispute Resolution will consolidate department informal appeals processes. In addition to exploring alternative paths to resolve differences, the Office of Dispute Resolution will also be accountable for the timely processing of all appeals.

The Director's Office operates pursuant to 2-15-1301, MCA, which establishes the DOR and 2-15-1302, MCA, which specifies the authorities of the director. The program operates under state mandates.

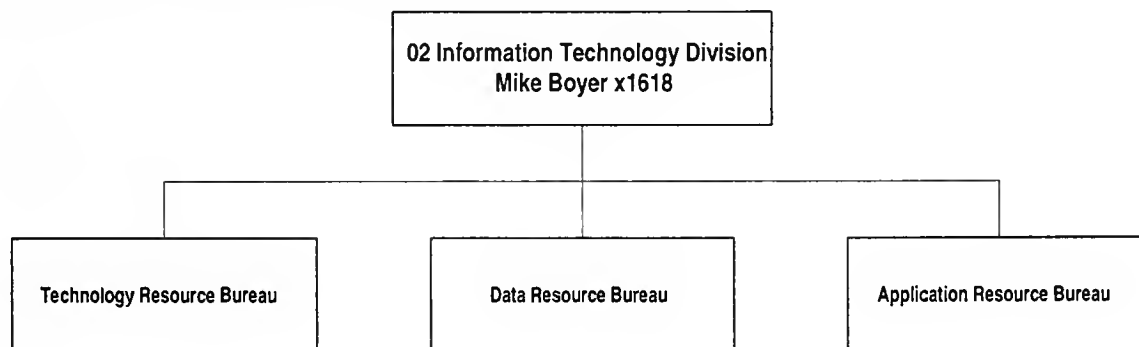


Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	36.50	.00	.00	36.50	.00	.00	36.50
Personal Services	1,314,982	335,338	0	1,650,320	339,802	0	1,654,784
Operating Expenses	637,060	(77,536)	376,499	936,023	(176,120)	377,012	837,952
Equipment	27,425	525	0	27,950	525	0	27,950
Debt Service	5,568	0	0	5,568	0	0	5,568
<b>Total Costs</b>	<b>\$1,985,035</b>	<b>\$258,327</b>	<b>\$376,499</b>	<b>\$2,619,861</b>	<b>\$164,207</b>	<b>\$377,012</b>	<b>\$2,526,254</b>
General Fund	1,983,567	258,416	238,753	2,480,736	165,675	239,266	2,388,508
State/Other Special	618	(44)	0	574	(618)	0	0
Federal Special	850	(45)	0	805	(850)	0	0
Proprietary	0	0	137,746	137,746	0	137,746	137,746
<b>Total Funds</b>	<b>\$1,985,035</b>	<b>\$258,327</b>	<b>\$376,499</b>	<b>\$2,619,861</b>	<b>\$164,207</b>	<b>\$377,012</b>	<b>\$2,526,254</b>

**New Proposals -**

- Pay for Customer Service Center functions - To implement DOR reorganization plan, which includes a change in funding for CSC, the Director's Office budget reflects charges to use the services provided by the newly created Customer Service Center. The increased costs are \$376,499 for FY 2000 and \$377,012 for FY 2001. In addition, the Director's Office will provide services to the CSC amounting to \$137,746 each year of the biennium. These charges constitute CSC share of the Director's Office fixed administration costs. These costs have been previously funded by the general fund; however, the department requests to fund these costs with a proprietary fund appropriation. A similar proprietary new proposal is presented in program 02 and the rate table is in the reference section.

**INFORMATION TECHNOLOGY DIVISION**



**Program Description -** Information Technology (IT) provides services in the areas of data support, applications support, technology support, and user assistance which enables the department to meet its business objectives. IT plays a vital role in the planning and development of other processes business solutions.

Indicator	Program Indicators -					
	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Individual Income Tax Returns filed electronically*	11,503	16,907	26,258	52,516	78,774	105,032
Individual Income Tax Returns filed by TELEFILE (A)	(A)	13,131	19,724	39,448	59,172	78,896

\* Approved tax preparers transmit federal income tax returns to IRS in Ogden, UT via certain software; MT specific information is forwarded to DOR and MT income tax information is obtained electronically from the original submittal.

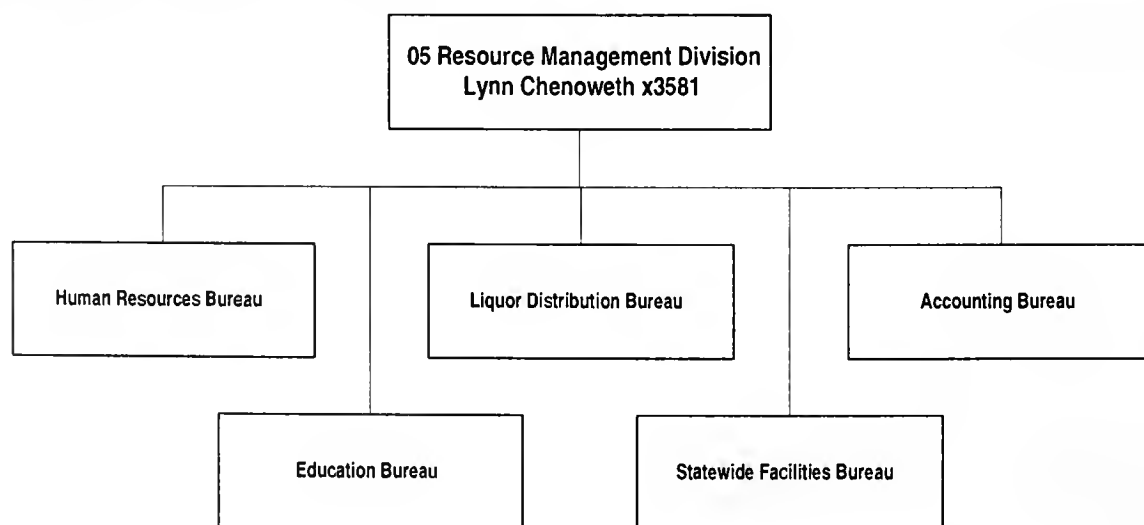
(A) TELEFILE began in 1997 for filing of 1996 returns and is available to short form MT individual tax filers filing over touch-tone phones. Average transaction time is 8 minutes.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	37.25	.00	.00	37.25	.00	.00	37.25
Personal Services	1,244,645	271,787	0	1,516,432	265,420	0	1,510,065
Operating Expenses	535,965	118,392	120,000	774,357	120,766	240,000	896,731
Equipment	21,801	(21,801)	0	0	(21,801)	0	0
Debt Service	1,683	0	0	1,683	0	0	1,683
<b>Total Costs</b>	<b>\$1,804,094</b>	<b>\$368,378</b>	<b>\$120,000</b>	<b>\$2,292,472</b>	<b>\$364,385</b>	<b>\$240,000</b>	<b>\$2,408,479</b>
General Fund	1,654,235	337,889	(198,537)	1,793,587	334,227	(78,537)	1,909,925
Federal Special	149,859	30,489	0	180,348	30,158	0	180,017
Proprietary	0	0	318,537	318,537	0	318,537	318,537
<b>Total Funds</b>	<b>\$1,804,094</b>	<b>\$368,378</b>	<b>\$120,000</b>	<b>\$2,292,472</b>	<b>\$364,385</b>	<b>\$240,000</b>	<b>\$2,408,479</b>

#### New Proposals -

- Prepare the Information System Interface with other Agencies - OTO
- CSC purchases services from IT - As part of the DOR reorganization plan, which includes a change in funding for CSC, Information Technology (IT) will provide services to CSC of about \$318,537 each year of the biennium. These costs have been previously funded by the general fund; however, the department requests to fund these costs with a proprietary fund appropriation.

## RESOURCE MANAGEMENT DIVISION



**Program Description -** Resource Management serves as a critical enabler of the core business processes. It provides service and support to the department by integrating human resources, accounting, facilities management, and education. The Liquor Distribution Unit is managed in this program.

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	24.00	.00	.00	24.00	.00	.00	24.00
Personal Services	599,642	261,643	0	861,285	258,585	0	858,227
Operating Expenses	108,350	23,448	247,561	379,359	24,680	247,898	380,928
Equipment	786	(786)	0	0	(786)	0	0
Debt Service	2,060	0	0	2,060	0	0	2,060
<b>Total Costs</b>	<b>\$710,838</b>	<b>\$284,305</b>	<b>\$247,561</b>	<b>\$1,242,704</b>	<b>\$282,479</b>	<b>\$247,898</b>	<b>\$1,241,215</b>
General Fund	710,838	284,305	49,552	1,044,695	282,479	49,889	1,043,206
Proprietary	0	0	198,009	198,009	0	198,009	198,009
<b>Total Funds</b>	<b>\$710,838</b>	<b>\$284,305</b>	<b>\$247,561</b>	<b>\$1,242,704</b>	<b>\$282,479</b>	<b>\$247,898</b>	<b>\$1,241,215</b>

**New Proposals -**

- Pay for CSC services - To implement the DOR reorganization plan, which includes a change in funding for CSC, the Resource Management budget reflects charges to Resource Management to use the services provided by the newly created CSC. The increased costs for Resource Management are \$247,561 for FY 2000 and \$247,898 for FY 2001. In addition, Resource Management will provide services to the CSC of about \$198,009 each year of the biennium. These costs have been previously funded by the general fund; however, the department requests to fund these costs with a proprietary fund appropriation.

**Proprietary Rates**

**Program Description** -The Liquor Enterprise Program controls alcoholic beverage sales and distribution through agency liquor stores which are operated by agents who have agency franchise agreements with DOR. The agents provide distilled spirits and fortified wines to consumers and retail licensed dealers. The distribution function covers three areas of responsibility: purchasing and supply, customer service, and accounting. Purchasing and supply activities include product procurement, new and existing product analysis, merchandise warehousing, retail liquor franchisee order assembling, merchandise shipment scheduling, and quarterly retail price list publishing. Customer service activities include franchise contract management, bid evaluation for selection of agents, and resolution of all problems related to daily franchise operations. The liquor distribution accounting activities include management of accounts payable, accounts receivable, and liquor inventories, regulating the process used to prepare franchisee product orders, and merchandise invoice and freight claim auditing.

The licensing of alcoholic beverage manufacturers, wholesalers and retailers in Montana was previously a function of the Licensing Bureau within the Liquor Division, and was funded by the general fund. The licensing activities have been transferred to the Customer Service Center within the Department of Revenue, and no longer reside within the Liquor Enterprise Program.

The Liquor Enterprise Program operates the state liquor warehouse and distribution system and administers alcohol beverage tax programs pursuant to Title 16, Chapters 1 through 6, MCA.

**Revenues and Expenses –**

**Change in the Provision of Service or Level of Fees** - There is no change anticipated in the services provided by the liquor enterprise fund over the next biennium.

**Working Capital** - The cash needed to maintain the ongoing operations of the Liquor Enterprise Program includes cash for general operating expenses and cash required for payment of products purchased for sale. Cash needed for monthly operating expenses ranges from \$100,000 to \$150,000 per month, and cash necessary for payment of products purchased ranges between \$2,500,000 to \$3,000,000 each month. Although the calculation on the spreadsheet computes the cash necessary for 60 days of expenditures, the amount of cash held at any one time is approximately one-half of the 60 day total. This is due to incoming revenues received from the liquor agencies and the statutory requirement to transfer profits to the state general fund.

**Fund Equity and Reserved Fund Balance** - The liquor enterprise fund transfers the profits from its operations to the state general fund.

**Cash Flow** - Payments for products purchased by the state liquor stores are received every 60 days. Payables of the liquor enterprise fund are on a 30 day cycle. The cash flow remains relatively constant, with the exception of increased sales realized from seasonal activity.

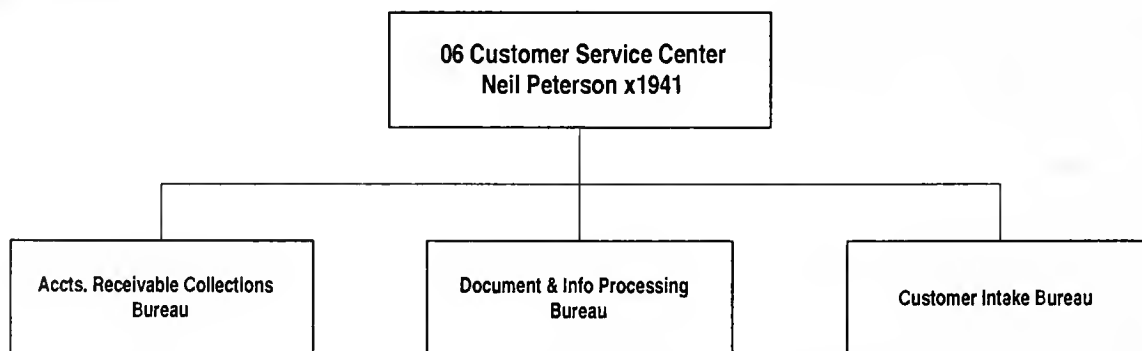
**Significant Present Law –**

- Increase in Sales - For FY 2000 and FY2001, liquor sales are projected to be greater than the FY 1998 sales. The amount shown includes increased costs for merchandise purchases and operating expenses.

**New Proposals –**

- Pay for CSC Services - To implement the DOR reorganization plan, which includes a change in funding for CSC, the liquor enterprise budget reflects charges to use CSC services. The increased costs to the liquor enterprise fund are \$195,986 in FY 2000 and \$196,253 in FY 2001.

**CUSTOMER SERVICE CENTER**



**Program Description** - The Customer Service Center is requesting to become an internal service fund, no longer funded by the state general fund. For a description of the Customer Service Center please refer to New Proposals and the "Proprietary Program Description".

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	121.7	.00	(121.7)	0.00	.00	(121.7)	0.00
Personal Services	2,862,250	376,991	(3,239,241)	0	366,288	(3,228,538)	0
Operating Expenses	1,714,723	62,533	(1,777,256)	0	69,381	(1,784,104)	0
Equipment	148,025	0	(148,025)	0	0	(148,025)	0
Debt Service	2,634	0	(2,634)	0	0	(2,634)	0
<b>Total Costs</b>	<b>\$4,727,632</b>	<b>\$439,524</b>	<b>(\$5,167,156)</b>	<b>\$0</b>	<b>\$435,669</b>	<b>(\$5,163,301)</b>	<b>\$0</b>
General Fund	3,835,212	356,557	(4,191,769)	0	353,429	(4,188,641)	0
State/Other Special	203,696	18,935	(222,631)	0	18,769	(222,465)	0
Federal Special	688,724	64,032	(752,756)	0	63,471	(752,195)	0
<b>Total Funds</b>	<b>\$4,727,632</b>	<b>\$439,524</b>	<b>(\$5,167,156)</b>	<b>\$0</b>	<b>\$435,669</b>	<b>(\$5,163,301)</b>	<b>\$0</b>

**New Proposals -**

- Move program to proprietary environment - Remove this program from HB2 and make it dependent upon service to customers. Reference the Proprietary Description narrative on the following page.
- Establish Customer Service Center - Currently as many as 13 separate state agencies provide their own internal procedures for remittance processing, including mail room, cashiering, data capture, accounts receivable management, and collection efforts. The current process for revenue processing takes approximately 1.5 days from receipt at central mail to bank deposit. Approximately 60 FTEs are employed to process 1.65 million transactions per year in the 13 agencies, an average of 27,800 transactions per FTE. Departments with high transaction volumes achieve economies of scale. DOR accounts for 50% of the total transactions processed each year; thus DOR averages over 50,000 transactions per FTE compared to seven other agencies which average less than 20,000 transactions per FTE. These economies of scale significantly reduce the cost per transaction, with the DOR averaging \$.50 per transaction and five agencies, for example, averaging more than \$2.50 per transaction. The current environment of spreading revenue processing across 13 departments produces a number of problems.

**Internal Problems:**

- Duplication of effort - Each of the 13 agencies has a mail room, cashiering, and information system involved in revenue processing.
- Lack of economies of scale - With insufficient volumes in any one agency it is not possible to use specialized processes and technology to gain large improvements in efficiency.
- Inefficient use of technology - Electronic funds transfer, bar coding, and scanning technology are not used to their full capacity.
- Disparate information systems - There is no SBAS sub-system for receiving and tracking revenue. Each of the agencies maintains and uses its own systems. This decentralized storage of data prevents access to cross-departmental information and causes multiple data entries.
- Multiple hand-offs - A check may be handled by six or seven different employees before it is deposited in the bank.

**External Problems:**

- Multiple payments required - An individual or business remits payments to numerous state agencies with each payment prepared and submitted separately.
- Limited payment options - There is little or no capacity to pay by the following methods: automatic bank debit, credit card, telephone, kiosk (e-file), EFT/EDI, etc.
- Cumbersome inquiry process - An individual or business may have to inquire at several agencies to obtain answers to a question or sort out a problem.

The CSC, when fully operational, will solve the above problems and will substantially reduce cost per transaction with potential annual savings of \$1.14 million per year for the state enterprise. In addition, the center will provide:

- Improved cash management
- Improved customer service
- Improved utilization of resources
- Improved decision-making

Improved cash management and collection of accounts receivable could generate additional revenue per year, reduction in bad debt write-offs, additional interest earnings from timely deposit of monies, and improved offset of debts against warrants to be issued.

Currently DOR, in conjunction with the business process reengineering efforts of Project META, has undertaken a number of opportunities to move towards implementation of the CSC. These efforts include purchasing mail sorting, opening, and extraction equipment; developing standard coupon and form templates; installing software on existing equipment to accept a "generic" coupon; reducing existing accounts receivable balances; installing a predictive dialer to improve collection of accounts receivable; and proposing legislation on statewide liens, license suspension, and standardized interest rates.

CSC revenue processing, data capture, and accounts receivable collection services will be funded through an internal service fund. A limited number of customers (other agencies) currently use CSC services for some of their operations. Additional customers will be phased in. The goal for the 2001 biennium is to provide CSC services to 12 agencies, four in FY 2000 and eight in FY 2001.

All CSC costs will be recovered through the rates charged to customers. The CSC operations include the debt service for repayment of the bonds to create the revenue information processing center and mid-tier computer processing charges. These costs represent new activity necessary for operating the CSC which are not included in the FY 1998 level of expenditures for program 06. Also included in CSC costs is its share of DOR fixed administration costs. As other agencies are added as customers, and as CSC pays its share of DOR administrative costs, DOR becomes less reliant on the general fund.

### **Proprietary Rates**

**Program Description** -The Customer Service Center is envisioned to be a statewide enterprise, operating as a self-supporting business in the internal service fund. This center combines Customer Intake, Document & Information Processing, and Accounts Receivable & Collections into a single business unit designed to provide centralized and consistent customer service, data and information processing, and accounts receivable collections for the department and its agency partners.

Customer Intake represents the initial contact point for customers. Customer service representatives will be supported by up-to-date technology. They will have the ability to answer customer inquiries for all tax types and to approve registration and application inquiries. This process will also be responsible for the development and design of "user friendly" forms and instructions.

Document & Information Processing provides data capture; remittance processing; records management; direct deposit of cash receipts and revenue; and mail processing and distribution. In addition, this process will provide these services in several forms, including expansion of existing methods of electronic commerce.

The Accounts Receivable & Collections process provides a single point of contact for debtors. It is responsible for consistent delinquent account collection and enforcement activities.

### **Revenues and Expenses –**

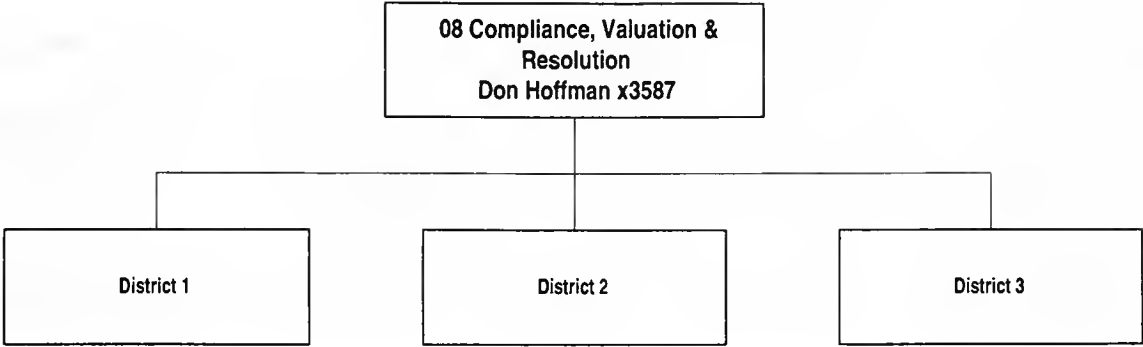
**Change in Provision of Service or Level of Fees** - CSC is requesting to become a new internal service fund under HB576 beginning with the 2001 biennium. This will create a shift from a program funded by the general fund under HB2 to a program funded by internal service funds under HB576.

**Working Capital** - History has not been developed as to the accumulation of working capital for this proprietary fund. The cash needed to maintain ongoing operations for 60 days is for payment of personal services, operating expenses, and payment of the debt service on the bond issued(HB188) to create the Revenue Information Processing Center, plus miscellaneous interest.

**Fund Equity and Reserved Fund Balance** - Currently CSC has no plans to maintain an "Unreserved Fund Balance".

**Cash Flow** - CSC anticipates a consistent monthly cash flow with an increase during the end of each calendar quarter and the months of March and April due to increased activity and filing dates. CSC does not anticipate significant reoccurring cash obligations which must be covered by cash on hand.

**Rate Explanation** -The rates requested for CSC are based on the CSC cost recovery plan and are presented at the end of the following table.



**Program Description -** The Compliance, Valuation & Resolution (CVR) core process oversees audits and measures to verify tax paying entities are in compliance with the laws. CVR will also establish values of property for purposes of taxation. The process will be located throughout the state in seven regions to provide superior customer service.

**Executive Budget Recommendation -**

- Reduce program to reflect the elimination of OFLT and to reflect reorganization efficiencies

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Corporation License Tax Audit collections	3,236,302	4,909,465	2,918,601	3,084,000	2,300,000	2,300,000
Corp. License Tax penalty & interest collections	1,818,984	2,604,980	1,468,532	1,646,000	1,646,000	1,646,000
Individual Income Tax Audit collections	10,318,215	10,170,917	8,825,256	10,000,000	11,000,000	11,000,000
Individual Income Tax penalty & interest collections	4,667,131	4,751,411	3,917,315	4,500,000	4,950,000	4,950,000
Natural Resource Tax Audit collections including Penalty & interest	3,057,030	1,920,704	2,142,299	2,373,344	2,373,344	2,373,344

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	427.31	(12.00)	.00	415.31	(29.00)	.00	398.31
Personal Services	14,110,549	(494,924)	0	13,615,625	(920,210)	0	13,190,339
Operating Expenses	3,996,337	(191,365)	4,407,716	8,212,688	(183,262)	4,413,728	8,226,803
Equipment	75,864	24,136	0	100,000	24,136	0	100,000
Debt Service	27,799	0	0	27,799	0	0	27,799
<b>Total Costs</b>	<b>\$18,210,549</b>	<b>(\$662,153)</b>	<b>\$4,407,716</b>	<b>\$21,956,112</b>	<b>(\$1,079,336)</b>	<b>\$4,413,728</b>	<b>\$21,544,941</b>
General Fund	17,085,371	(661,588)	3,419,795	19,843,578	(1,076,156)	3,426,599	19,435,814
State/Other Special	31,102	(51)	220,823	251,874	(123)	220,645	251,624
Federal Special	1,094,076	(514)	767,098	1,860,660	(3,057)	766,484	1,857,503
<b>Total Funds</b>	<b>\$18,210,549</b>	<b>(\$662,153)</b>	<b>\$4,407,716</b>	<b>\$21,956,112</b>	<b>(\$1,079,336)</b>	<b>\$4,413,728</b>	<b>\$21,544,941</b>

**Significant Present Law Adjustments -**

- Reductions in costs due to elimination of OFLT and the realization of other efficiencies within the department

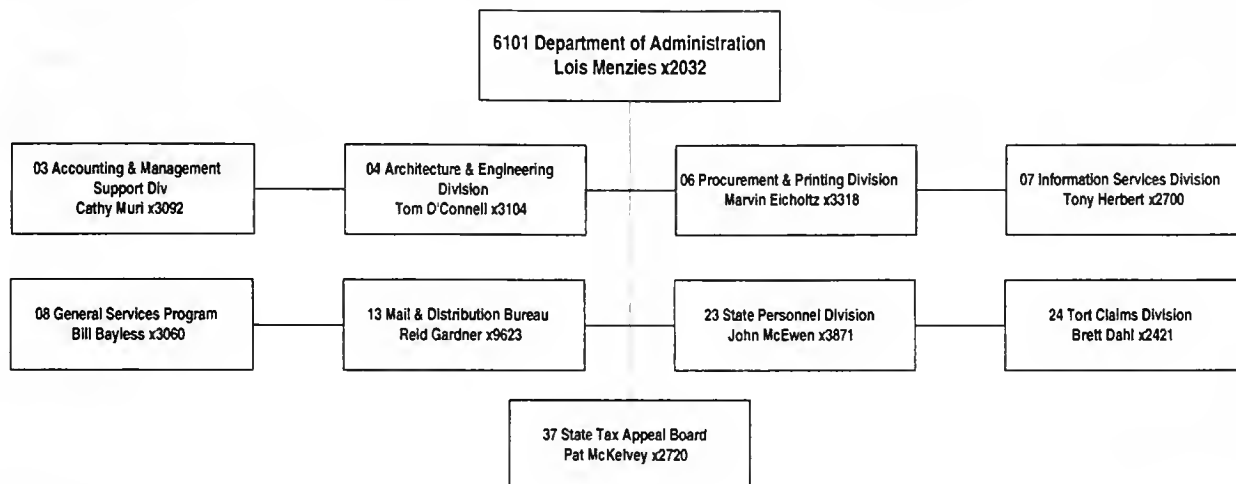
**New Proposals -**

- Pay for CSC Services - To implement the DOR reorganization plan, which includes a change in funding for the Customer Service Center (CSC), the CVR budget reflects charges to CVR of \$4,407,716 for FY 2000 and \$4,413,728 for FY 2001 to use the services provided by the newly created CSC.

**Language Recommendations -** The following HB2 language is recommended:

"To implement efficiencies within the department and to reflect the elimination of OFLT, the department is to identify in writing to the office of budget and program planning the position numbers of 12.00 FTE at the beginning of fiscal year 2000 and an additional 17.00 FTE at the beginning of fiscal year 2001 for elimination."





**Mission Statement** - The Department of Administration seeks to deliver superior and responsive services to agencies, employees and the public while minimizing costs and maximizing effectiveness. These services are delivered through:

1. continuing to refine procedures;
2. fostering government coordination and cooperation;
3. promoting access to services; and
4. developing innovating uses for emerging technologies.

**Statutory Authority** - Title 2, MCA.

**Supplemental Appropriation Description** - General Services Division is budgeted for \$266,403 general fund in HB 16 for the State Capitol renovation relocation costs. The most significant costs are telecommunications at \$127,729 for staff being relocated and rent differential at \$85,074 to pay for the Governor and Lt. Governor and their staff in the USF&G building and other staff in the Federal Building. Most telecommunications expense will be an investment for reuse by other state employees after the Capitol renovation is completed.

**Executive Budget Recommendation -**

- Implement MT PRRIME, including \$553,350 in FY 2000 and \$581,018 in FY 2001 general fund support
- Offset statewide operating expenditures equal to 68 FTE for MT PRRIME debt
- Coordinate development of the statewide Geographic Information System (GIS)
- Relocate agencies located in the Capitol building during the renovation
- GABA for Teachers' Retirement System costing \$1.26 million general fund for the 2001 biennium

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	86.46	(0.75)	(2.00)	83.71	(0.75)	(2.00)	83.71
Personal Services	3,120,709	335,627	(85,629)	3,370,707	318,249	(85,643)	3,353,315
Operating Expenses	1,358,887	806,838	616,458	2,782,183	86,029	628,416	2,073,332
Equipment	17,329	32,671	0	50,000	(17,329)	0	0
Capital Outlay	0	32,400	0	32,400	32,400	0	32,400
Local Assistance	21,120	25,000	620,000	666,120	25,000	640,000	686,120
Transfers	58,800	(58,800)	0	0	(58,800)	0	0
<b>Total Costs</b>	<b>\$4,576,845</b>	<b>\$1,173,736</b>	<b>\$1,150,829</b>	<b>\$6,901,410</b>	<b>\$385,549</b>	<b>\$1,182,773</b>	<b>\$6,145,167</b>
General Fund	3,560,273	332,128	1,110,371	5,002,772	298,592	1,142,315	5,001,180
State/Other Special	872,219	163,327	40,458	1,076,004	162,233	40,458	1,074,910
Federal Special	7,237	775,090	0	782,327	25,095	0	32,332
Capital Projects	65,694	(65,694)	0	0	(65,694)	0	0
Proprietary	71,422	(31,115)	0	40,307	(34,677)	0	36,745
<b>Total Funds</b>	<b>\$4,576,845</b>	<b>\$1,173,736</b>	<b>\$1,150,829</b>	<b>\$6,901,410</b>	<b>\$385,549</b>	<b>\$1,182,773</b>	<b>\$6,145,167</b>

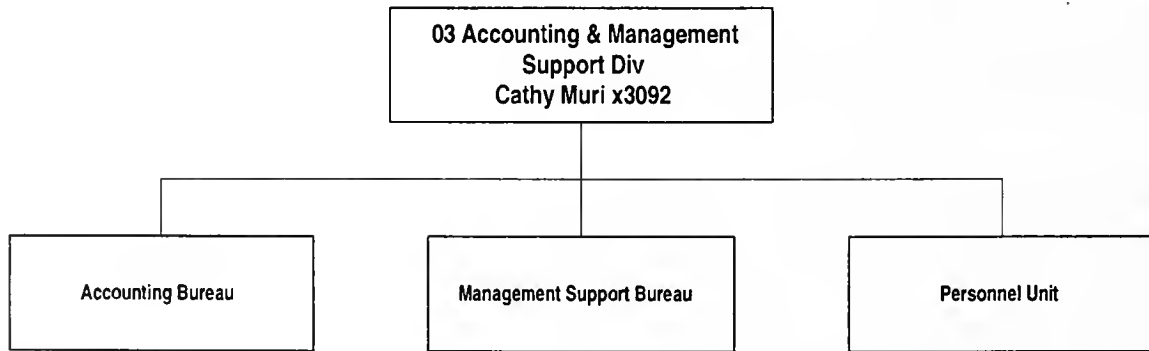
**Program Description -** The Governor Elect Program funds the start-up costs for the incoming Governor.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	0	0	0	0	0	50,000	50,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>
General Fund	0	0	0	0	0	50,000	50,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>

**New Proposals -**

- New Governor transition costs

**ACCOUNTING AND MANAGEMENT SUPPORT DIVISION**



**Program Description -** The Accounting and Management Support Program was created in FY 1994 and consists of: 1) the Director's Office, which is responsible for overall supervision and coordination of agency programs and administratively-attached boards and agencies; 2) the Legal Unit, which is budgeted but not appropriated in the general appropriations act due to passage of HB 576 by the 1995 Legislature, and which provides legal services to agency and administratively-attached programs; 3) the Accounting Bureau, which maintains the Statewide Budgeting and Accounting System (SBAS), establishes state accounting policies and procedures, administers the federal Cash Management Improvement Act, processes warrants for all state agencies, handles state debt collection and prepares the state Comprehensive Annual Financial Report (CAFR); and 4) the Management Support Bureau and Personnel function, which provides financial, budgeting, accounting, personnel, payroll, and data processing functions for the department. The data processing function administers all data processing functions of the department except those of the Information Services Division. The debt collection unit, through HB576, provides full debt collection service for all state agencies which includes filing of civil actions, wage garnishment, and levy action on all state debts.

The Director's Office and the Accounting Bureau are mandated by state law creating the Department of Administration. Management Support Services and the Legal Unit, while not specifically mandated by state law, are necessary for the effective and efficient execution of department statutory mandates. Division functions relating to the Cash Management Improvement Act are mandated by federal law.

**Executive Budget Recommendation -**

- Reduce Warrant Writer and Accounting Bureau funding due to MT PRRIME implementation savings

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	22.92	.00	(2.00)	20.92	.00	(2.00)	20.92
Personal Services	949,240	45,349	(85,629)	908,960	41,039	(85,643)	904,636
Operating Expenses	352,285	18,666	(101,916)	269,035	(19,304)	(135,002)	197,979
Local Assistance	18,100	25,000	620,000	663,100	25,000	640,000	683,100
<b>Total Costs</b>	<b>\$1,319,625</b>	<b>\$89,015</b>	<b>\$432,455</b>	<b>\$1,841,095</b>	<b>\$46,735</b>	<b>\$419,355</b>	<b>\$1,785,715</b>
General Fund	1,266,597	60,007	432,455	1,759,059	19,310	419,355	1,705,262
State/Other Special	8,791	611	0	9,402	2,585	0	11,376
Federal Special	7,237	25,090	0	32,327	25,095	0	32,332
Proprietary	37,000	3,307	0	40,307	(255)	0	36,745
<b>Total Funds</b>	<b>\$1,319,625</b>	<b>\$89,015</b>	<b>\$432,455</b>	<b>\$1,841,095</b>	<b>\$46,735</b>	<b>\$419,355</b>	<b>\$1,785,715</b>

**New Proposals -**

- Change procard service to state special fund
- Move warrant writer functions to MT PRRIME and begin to realize savings
- Move SBAS functions to MT PRRIME and begin to realize savings
- GABA for Teachers' Retirement System

**Proprietary Rates**

**Rate Explanation -**

**Legal Services Account**

The Legal Unit in the Director's Office advises all divisions within the department on legal matters. Funding through the Legal Services internal service fund is derived by charging the non-general fund divisions for service provided to them. These divisions are budgeted in HB2 for their appropriate share of legal services costs.

The funding from this internal service fund is based on the assumption (from a time study) that the legal unit will devote 1.33 FTE of their 2.00 FTE on legal matters of the non-general fund divisions. The fund pays for personal services costs of the 1.33 FTE and associated operating costs. The remaining 0.67 FTE in the legal unit is paid by the general fund.

For the 2001 biennium, these divisions are budgeted to pay the following share of the 1.33 FTE attorney, grade 19. ISD, 27%; Teachers' Retirement, 20%; Personnel Benefits, 26%; RMTD, 2%; Architecture and Engineering, 18%; General Services, 7%.

**Working Capital** - The divisions listed above are billed on a semi-annual basis in July and January. This process eliminates the time-consuming task of monthly billing, and no aging of accounts receivable is necessary. The legal unit objective is for revenues to equal the legislative appropriation with a minimal cash reserve.

**Network Support Unit Proprietary Fund Account**

The Network Support Unit in the Management Support Bureau of Accounting and Management Support Division is funded from two different rate sources: network support which includes software and hardware installation, trouble calls and software questions that are charged per computer; and programming which is offered on a per hour basis.

**Change in provision of service or level of fees** - The divisions within the Department of Administration will continue to need computer support/programming and computer maintenance from the Network Support Unit.

**Working Capital** - The estimated working capital balance at the end of the 2001 biennium is less than 60 days reserve.

**Reserve Fund Balance** - The Network Support Unit is an internal cost pool, and the revenue objective is to operate on a break-even basis. Because a small working capital balance is needed, divisions are billed in July of each fiscal year for

network support services and programming is billed on actual hours used.

**Warrant Writing Proprietary Account**

The DofA provides the Warrant Writer Program to most state agencies for check writing and auto-deposit capabilities for financial transactions. Warrants are produced and processed by the program, and tracked on the warrant writer system. The program generates, mails, tracks, and cashes each transaction. Services offered include direct deposit, warrant consolidation, stop payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, payee file data, and federal 1099-MISC processing.

The system handles about two million payment transactions for state government per year. Transactions include warrants and electronic transfers for vendor payments, retirement payments for public employees and teachers, payroll, worker's compensation, income tax refunds, special refunds, and public assistance benefit payments. In addition, the program maintains a central payee file to facilitate payment processing. The program is also responsible for consolidation of 1099-MISC information for the Internal Revenue Service (IRS). The program coordinates compliance with IRS rules governing 1099 MISC-filings and error reports.

**Change in provision of service or level of fees** - Demand is forecasted, using historical data, for categories of payments: mailer warrants, non-mailer warrants, emergency warrants, duplicate warrants, external warrants and electronic fund transfers. Because forecasts are done at the end of May so that figures can be used in the Executive Planning Process, projections of warrant growth in the next biennium are conservative.

**Proposed Rate Structure** - The proposed rate structure for each type of warrant\payment is determined by conducting time, supply, and processing analysis to determine the "estimated actual cost" of each payment option. Where possible personal service costs are allocated to specific types of transactions before allocating the remaining costs to all other transactions. Fixed expenditures such as audit fees, miscellaneous supplies, rent, and telephone charges are allocated to all transactions. Variable costs such as postage, maintenance, computer processing, and warrant stock are allocated at a fixed rate against those items that utilized them.

**Working Capital** - The estimated working capital balance at the end of the 2001 biennium is less than 60 days reserve.

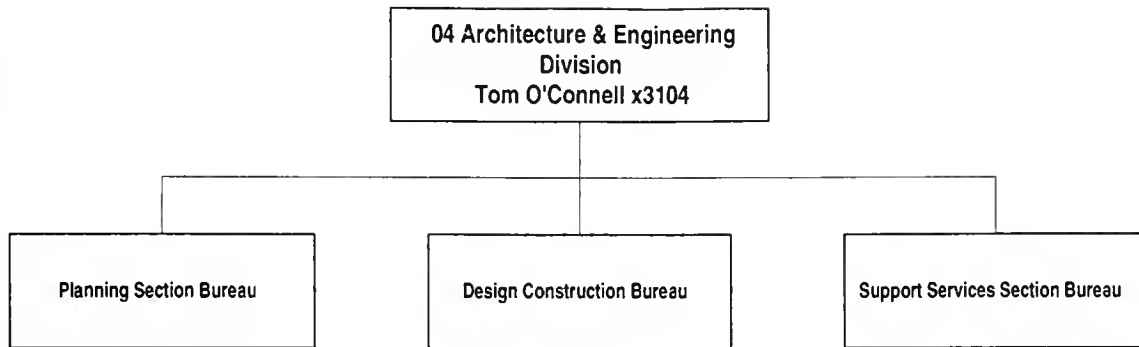
**Debt Collection Unit**

The debt collection unit provides a full debt collection service for all state agencies which includes filing of civil actions, wage garnishment, and levy action on all state debts. The program is funded by legislative approval to withhold a collection fee no greater than 12% (15% in FY 1999) from the revenue which the recipient agency would have received; or, in the case of income tax and federal and local governments, the percentage is added onto the debt. During the 1999 biennium, the debt collection maintained an 8% charge.

**Change in Provision of Fees or Level of Service.** Department of Revenue (DOR) has proposed legislation to move this unit into the DOR Customer Service Center.

**New Proposals –**

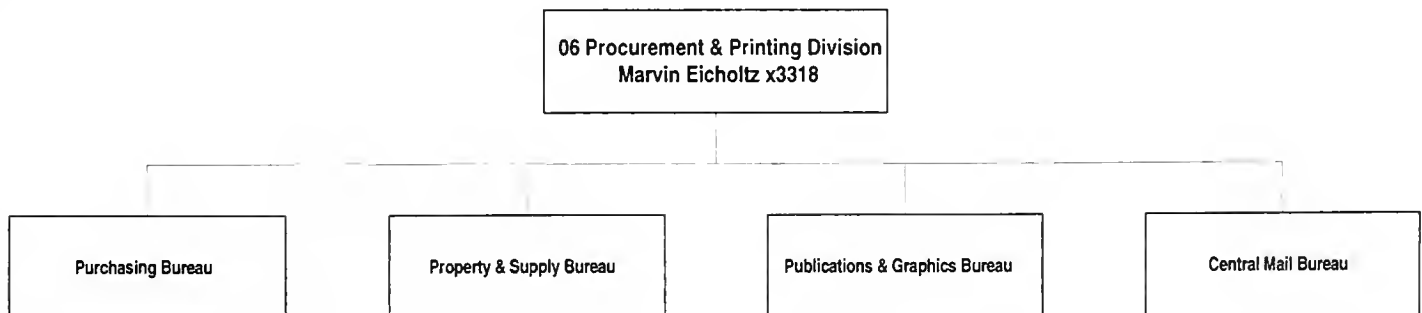
- Warrant Writer is decreased by \$85,854 in FY 2000 and by \$124,634 in FY 2001 due to MT PRRIME implementation



**Program Description** - The Architecture and Engineering Division (A&E) manages remodeling and construction of state buildings. Functions include overseeing the architect/engineer interview and selection process; planning both new and remodel projects; administering and coordinating plan reviews; administering contracts with architects, engineers, and contractors; advertising, bidding, and awarding construction contracts; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session. The division administers the state Long-Range Building Program in accordance with Titles 17 and 18, MCA. It operates under state mandates.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01
FTE	17.50	.00	.00	17.50	.00	.00	18.00	17.50
Personal Services	614,478	131,096	0	745,574	127,393	0	741,871	1,487,445
Operating Expenses	248,950	31,620	0	280,570	32,255	0	281,205	561,775
<b>Total Costs</b>	<b>\$863,428</b>	<b>\$162,716</b>	<b>\$0</b>	<b>\$1,026,144</b>	<b>\$159,648</b>	<b>\$0</b>	<b>\$1,023,076</b>	<b>\$2,049,220</b>
State/Other Special	863,428	162,716	0	1,026,144	159,648	0	1,023,076	2,049,220
<b>Total Funds</b>	<b>\$863,428</b>	<b>\$162,716</b>	<b>\$0</b>	<b>\$1,026,144</b>	<b>\$159,648</b>	<b>\$0</b>	<b>\$1,023,076</b>	<b>\$2,049,220</b>

## PROCUREMENT AND PRINTING DIVISION



**Program Description** - The Procurement and Printing Division has four functions, the first two of which are budgeted but not appropriated due to passage of HB 576 during the 1995 Legislature: 1) the Publications & Graphics Bureau, which provides printing, duplicating, desktop publishing, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy, and photocopier pool services for state agencies; 2) the Property & Supply Bureau, which purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to state agencies and administers the sale of state and federal surplus property; 3) the State Procurement Bureau, which manages centralized purchasing for state agencies by investigating possible sources for products, determining alternate

product possibilities, preparing specifications, enforcing the terms and conditions outlined in purchase orders, and providing technical assistance to state agencies regarding purchasing laws; and 4) The Vehicle Fueling, Energy Procurement, and State Procurement Card functions which administer contracts for the statewide fueling network, the deregulated purchase of electricity and natural gas, and the state's MasterCard contract for the automated processing of small purchases.

**Executive Budget Recommendation -**

- Establish state special accounts for vehicle fueling, natural gas and electricity procurement, and procurement card.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.29	.00	.00	10.29	.00	.00	10.29
Personal Services	362,609	30,906	0	393,515	28,623	0	391,232
Operating Expenses	94,458	8,255	40,458	143,171	9,205	40,458	144,121
<b>Total Costs</b>	<b>\$457,067</b>	<b>\$39,161</b>	<b>\$40,458</b>	<b>\$536,686</b>	<b>\$37,828</b>	<b>\$40,458</b>	<b>\$535,353</b>
General Fund	457,067	39,161	0	496,228	37,828	0	494,895
State/Other Special	0	0	40,458	40,458	0	40,458	40,458
<b>Total Funds</b>	<b>\$457,067</b>	<b>\$39,161</b>	<b>\$40,458</b>	<b>\$536,686</b>	<b>\$37,828</b>	<b>\$40,458</b>	<b>\$535,353</b>

**New Proposals -**

- Reflect proper accounting for Natural Gas and Electricity Procurement Program
- Reflect proper accounting for this Vehicle Fueling Program
- Move Procurement Card, Vehicle Fueling, and Natural Gas & Electricity Programs from HB576 to HB2

**Proprietary Rates**

**Program Description** -The Procurement and Printing Division manages two proprietary activities: 1) the Publications & Graphics Bureau , which provides printing, duplicating, desktop publishing, layout and design, graphic and illustrative art, photo-reprographics, binding and quick copy, and photocopier pool services for state agencies; and 2) the Property & Supply Bureau, which purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to state agencies and administers the sale of state and federal surplus property.

**Revenues and Expenses –**

**Publications and Graphics (P&G)**

**Working Capital** - P&G is a proprietary fund and must recoup all costs. Agencies are billed for various services provided at rates so that P & G working capital is maintained at 45 days.

**Fund Equity and Reserved Fund Balance** - P&G does not require a reservation of fund balance.

**Cash Flow** - P&G customers are invoiced monthly for their requested services, and accounts are usually collected within 30 to 45 days of invoice. Cash reserves decrease as customer accounts receivable balances increase, but reserves increase to the 45th day range as year end approaches and accounts receivables are paid.

**Property & Supply Bureau (P&S)**

**Working Capital** - Central Stores customers are invoiced daily for the prior day shipments, and accounts are usually collected within 30 to 45 days. Cash reserves decrease as customer accounts receivable balances increase.

**Fund Equity and Reserved Fund Balance** - P&S intends to maintain fund balance equal to FYE 1998.

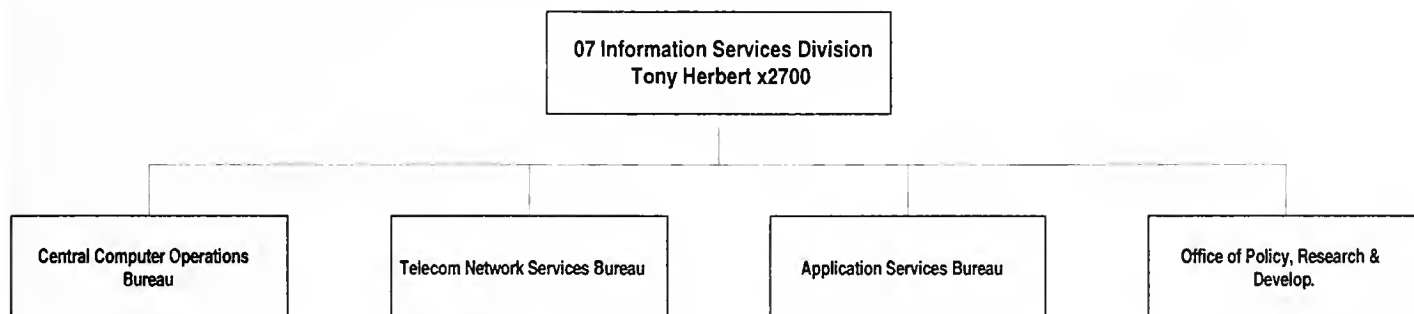
**Rate Explanation** - P&G rates are calculated to maintain an approximate 45 day operating reserve while maintaining competitive rates. The internal rate is based on the number of copies per original; the contracted rate is 5% of the approved invoice up to a maximum of \$500, with the actual cost of duplicating and mailing Invitation for Bid forms

charged back to the agency. Photocopy Pool rate is 10% markup on actual cost.

P&S - The proceeds from the sales of surplus equipment are returned to the agency in this fashion: sale value of \$150 or less - 100% of value retained by the P&S Bureau; sale value greater than \$150.01 - 8% of sale value retained plus extraordinary sales expenses if applicable. All auction fixed costs are absorbed by the P&S Bureau. While no transfer fee is charged for property transferred among state agencies, if P&S is required to physically move property between agencies a \$25 fee per hour is charged to the recipient agency.

In the federal surplus program, 14% is charged based on federal acquisition value (FAV) plus freight charges.

## INFORMATION SERVICES DIVISION



**Program Description** - The Information Services Division (ISD) manages central computer services and telecommunications services for state government mainly with proprietary HB576 authority. HB2 authority in ISD operates the Statewide 911 Emergency Telephone Service and general and federal fund support for GIS development. Administration of the emergency 911 telephone function is mandated under Title 10, Chapter 4, parts 1-3, MCA.

### Executive Budget Recommendation -

- Utilize federal funds to implement a statewide GIS Cadastral Database project
- Offer IT coordination and support to local governments for fee
- Provide central administration, licensing, and support of desktop software
- Expand the statewide network into new sites across the state

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.00	.00	.00	2.00	.00	.00	2.00
Personal Services	129,798	(38,636)	0	91,162	(39,287)	0	90,511
Operating Expenses	95,298	658,729	553,350	1,307,377	(41,396)	581,018	634,920
Equipment	17,329	32,671	0	50,000	(17,329)	0	0
<b>Total Costs</b>	<b>\$242,425</b>	<b>\$652,764</b>	<b>\$553,350</b>	<b>\$1,448,539</b>	<b>(\$98,012)</b>	<b>\$581,018</b>	<b>\$725,431</b>
General Fund	242,425	(97,236)	553,350	698,539	(98,012)	581,018	725,431
Federal Special	0	750,000	0	750,000	0	0	0
<b>Total Funds</b>	<b>\$242,425</b>	<b>\$652,764</b>	<b>\$553,350</b>	<b>\$1,448,539</b>	<b>(\$98,012)</b>	<b>\$581,018</b>	<b>\$725,431</b>

**Significant Present Law Adjustments -**

- Continue the Statewide GIS Cadastral Database - The Statewide GIS Cadastral Database project is a collaborative effort of many state, local, federal and private users that will result in a single, well-coordinated project to automate Montana land parcel information based on a standard database design, with standards for data accessibility, and training programs for local governments in the use of the data. Except for an annual general fund request of \$60,000 and a biennial federal fund request of \$750,000, participating programs pay the costs of GIS. Costs to the state to automate the land parcel information are reduced by the participation of local, federal, and private users.

**New Proposals -**

- General fund pays for annual PeopleSoft maintenance contracts at \$553,350 in FY 2000 and \$581,018 in FY 2001.

**Proprietary Rates**

**Program Description** - Services provided through proprietary rates are 1) central mainframe computer processing; 2) shared statewide desktop and data network services accessing the central mainframe; 3) mid-tier access and production services; 4) data processing planning, coordination, and review and approval of equipment and software acquisitions; 5) design, development, and continuous maintenance support of data processing applications; 6) data processing training; 7) personal computer (PC) and office automation support and consultation; 8) certain geographic information systems (GIS) coordination and cadastral project support; and 9) disaster recovery facilities for critical data processing applications; 10) local and long-distance telephone networking; 11) design and development of telephone equipment, networking applications, and other telecommunications needs; and 12) the public safety communications system. ISD will also manage the MT PRRIME Operational Support Unit, which is responsible for the operation and maintenance of the state Legacy Solutions budget development system and the PeopleSoft human resource, financial, and asset management systems.

The ISD operates generally under state mandates as specified in Title 2, Chapter 17, parts 3 and 5, MCA.

**Revenues and Expenses -**

**Change in the provision of service or level of fees.** ISD costs are based on predicted utilization and planned projects in all service categories. With network expansion, ISD must expand the Local Area and Wide Area networks, add additional sites, and support specific new applications. As the demand for products and services increase so do the expenses, yet ISD management strives to ensure that the fees being charged to state agencies remain commensurate with the costs.

**Working Capital** - ISD working capital is predicted to be 20-21 days, well below the federally-accepted 60 days working capital reserve. ISD revenues and expenses are not synchronous, but balance out at the end of the fiscal year. Working capital is considered but not currently used in ISD rate determination.

**Fund Equity and Reserved Fund Balance.** Management objective is to maintain fund balance at the 1999 biennium level.

**Cash Flow** - ISD invoices state agencies for services rendered in mainframe and mid-tier processing, desktop and data network services, and telecommunications services monthly. Revenue receipt usually occurs within 30 to 45 days. ISD major expenses are from annual payments for software and maintenance, which mainly occur at the beginning of the fiscal year, the bi-monthly payroll, and the monthly communications and hardware maintenance costs.

**Rate Explanation** - Revenues relating to the internal service fund are from four major revenue centers:

- Computer Operations Bureau (COB): revenues are generated from state mainframe processing rates based upon central processing unit (CPU) seconds or other per transaction rates and client server contracts.
- System Support Bureau (SSB): systems support and development rates based upon an hourly service rate.
- Telecommunications Data: network rates charged on a monthly or yearly basis per workstation or installation.
- Telecommunications Voice: voice telecommunication rates charged on equipment and long distance usage basis.

Charges to state agencies are budgeted in several ways:



Percentage factors: Mainframe processing rates will have a 19% decrease while laser print will have a 10% increase in the 2001 biennium relative to the FY 1998 base year. Telephone equipment rates will increase by 7% while there will be no change in long distance charges in the 2001 biennium relative to the FY 1998 base year.

Fixed costs: The projected costs for the monthly data network rate are assigned to agencies as fixed costs based upon a monthly rate and projected number of network devices. The monthly rate increases from \$53.00 per month per intelligent device (PC) to \$67.50 per month per device in FY 2000 and FY 2001. The monthly rate for non-intelligent devices (terminals) remains constant at \$30.00 per month.

Hourly costs: The hourly rates charged for systems support and development are requested and budgeted based upon projected hours of service. The FY 1998 base of \$44.00 per hour for project development and end user/LAN administration is projected to increase to \$53.00 per hour in FY 2000 and FY 2001.

**Significant Present Law - Data Network Growth:** This request provides hardware, circuits, and support for the state local and wide area data networks (Summitnet). The state will expand its current network, add additional bandwidth at existing sites, and support newly developed applications by state agencies. Cost recovery is based on 90% being allocated to Summitnet data network rate and 10% allocated as a direct charge to other state entities.  
Rate Impact: FY 2000 + \$4.39 and FY 2001 + \$11.60 data network rate

**Data Network Security Tools:** This request provides appropriate levels of network security including Virus Scan software to the desktop, encryption, and Internet firewall protection and implement firewall and encryption software in various points throughout the network to protect critical applications and sensitive data files. Cost recovery is based on 50% being allocated to Summitnet data network rate and 50% allocated to local area network rate.  
Rate impact: FY 2000 + \$1.94 and FY 2001 + \$1.20 increase to data network rate

**Network Operating System Support and Management:** This request provides support and direction for the state's data network operating systems.  
Rate impact: FY 2000 + \$4.05 and FY 2001 + \$2.99 increase in data network rate

**Telephone Management System:** This request is to replace the current system which was purchased in 1987 and is no longer supported by the developer, and does not provide the functionality needed by the state agency and university users. This replacement includes hardware and software. Cost recovery is based on 50% being allocated to the long-distance rate and 50% allocated to the telephone rate.

**Video System Upgrades and Support:** This request is to upgrade the compressed video systems throughout the network to the latest software and hardware, and to provide adequate levels of FTE support. Cost recovery is 100% allocated to the video rate.

**Enterprise Mid-Tier Support:** This request is to expand the mid-tier computer production processing capability and capacity of the Computer Operations Bureau of the Information Services Division. Mid-tier computer configuration is located within ISD existing computer center, enabling advantage of the central physical facilities of conditioned electrical power, physical security, fire detection and suppression systems, technical expertise, and 24-hour, 7-days-a-week operational support. Cost recovery is 100% allocated to mid-tier users.

**Statewide GIS Cadastral Database:** This proposal would provide the majority of funding for the second biennium of the Statewide GIS Cadastral Database project. The goal of the project is to implement a statewide database of cadastral (land parcel ownership) information. The information would be linked with existing parcel information maintained by the Department of Revenue (DOR) in the Computer Aided Mass Appraisal (CAMA) system to provide participating organizations with an integrated, statewide database of land ownership data. This database would be used by DOR, other state agencies, and local government entities for a wide variety of activities that rely on land parcel information. In addition, federal and private sector organizations would have access to the data because of financial participation in the project.

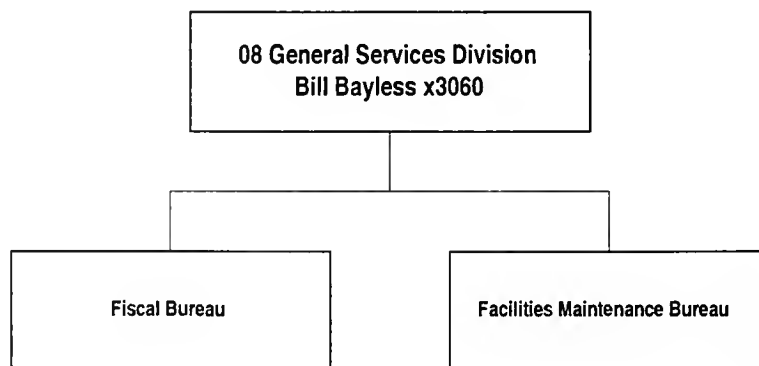
Rate impact: This proposal does not affect any ISD rates. This project is funded by \$60,000 general fund appropriation each fiscal year and a \$750,000 biennial federal appropriation in HB2 to ISD and by direct charges to other state and private agencies.

**New Proposals - MT PRRIME** will replace the state automated financial, human resource and asset management and budget systems with a commercial integrated software package.  
Rate Impact: Will be funded by direct charges to state agencies.

**Central Administration and Funding Desktop Software:** The purpose of this request is to centrally administer and fund standard desktop suite software (Microsoft Office Standard), with a two year version upgrade cycle. Cost recovery is 100% allocated to local area network rate.  
Rate Impact: FY 2000 +\$4.41 increase and FY 2001 +\$4.41 data network rate increase.

**Inter-Governmental IT Coordination Services:** This request is for IT coordination and support services to be offered to local government agencies. The purpose of this service would be to work with local governments to: identify opportunities for standardizing technology; coordinate deployment of technology within local governments; use joint contracts for equipment and service purchases.  
Rate impact: Expenses are offset by direct charges.

## **GENERAL SERVICES DIVISION**



**Program Description -** The General Services Program manages repair and maintenance services for state agencies in the Capitol complex and several state-owned buildings in the Helena area including providing locksmith services, painting, remodeling, and construction services. The program supervises contracts for services for state-owned buildings, including mechanical maintenance, pest control, janitorial services, elevator repair, security, maintenance, and garbage collection. The program also provides professional and technical assistance to agencies within a ten mile radius of the Capitol complex.

Administration of the program is mandated by 2-17-101, -111, and -811, MCA.

### **Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Work Orders Issued	626	8,049	7,580	7,900	7,925	8,100
Active Leases	258	245	240	250	250	250
# of buildings serviced by GSD staff	39	39	41	42	42	42

**DEPARTMENT OF ADMINISTRATION  
GENERAL SERVICES DIVISION**

**6101  
08**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	276,635	43,459	124,566	444,660	58,053	91,942	426,630
Capital Outlay	0	32,400	0	32,400	32,400	0	32,400
Transfers	58,800	(58,800)	0	0	(58,800)	0	0
<b>Total Costs</b>	<b>\$335,435</b>	<b>\$17,059</b>	<b>\$124,566</b>	<b>\$477,060</b>	<b>\$31,653</b>	<b>\$91,942</b>	<b>\$459,030</b>
General Fund	235,319	117,175	124,566	477,060	131,769	91,942	459,030
Capital Projects	65,694	(65,694)	0	0	(65,694)	0	0
Proprietary	34,422	(34,422)	0	0	(34,422)	0	0
<b>Total Funds</b>	<b>\$335,435</b>	<b>\$17,059</b>	<b>\$124,566</b>	<b>\$477,060</b>	<b>\$31,653</b>	<b>\$91,942</b>	<b>\$459,030</b>

**Significant Present Law Adjustments -**

- Lease-purchase agreement for a state building

**New Proposals -**

- Relocate agencies located in the Capitol building during the renovation

**Proprietary Rates**

**Revenues and Expenses –**

**Changes in the provision of service and level of fees** - The General Services Program has increased its responsibilities with the addition of two new facilities: 1227 11th Avenue, which houses staff for the Office of Public Instruction; and the Aviation Support Facility (Airport Road - Helena), which provides hangar and office space for DNRC and will provide office space for MT PRRIME. The budget request also includes a day care facility for state employees in the Helena area.

The program objective is to provided the necessary basic services to all state agencies and pay for these services through a fair and equitable fixed rental rate. There are 19.75 FTE to provide the services and this level of FTE has not increased for several years even though the program has assumed responsibility for additional facilities and services.

**Working Capital** - The working capital objective for the rent and maintenance account is to maintain a 65 day reserve. State agencies are billed monthly; advance and accounts normally are collected within 30-45 days. Reserve requirements build from July to June each fiscal year. June requires a high cash reserve because April, May and June are the months in which most major maintenance projects will be bid and awarded and major inventory and equipment purchases will be made. Weather extremes are an important factor in determining the cash reserve balance. Accurate utility estimates and their impact are not made prior to April each fiscal year. The program prioritizes its major maintenance projects early in the fiscal year and monitors its cash reserve to determine which projects to proceed with in the last quarter of the fiscal year. After fiscal year end, the fund returns to an adjusted 45-60 day cash reserve.

**Cash Flow** - The program bills agencies for rent and cost recovery services on a monthly basis. Receipt for these services are normally collected with 30-45 days. Cash on hand is impacted when Architecture and Engineering Division pays an expenditure out of an appropriation that has been transferred to them for a major project but the cash still resides at General Services.

**Rate Explanation** - Through in-house staff and contracted services, the General Services program provides repair, maintenance, security, and custodial services for buildings in the Capitol complex and several buildings located throughout Helena. The division manages 32 service contracts for the complex/Capital city area including mechanical maintenance, janitorial services, security, pest control, elevator maintenance and repair, garbage collection, fire suppression maintenance, recycling, and garbage service. The program also provides professional and technical assistance to agencies outside the Capitol complex (within 10 miles radius). Additionally, the rent and maintenance program allocates space to state agencies, and negotiates and approves leases for office space locally and state-wide.

Rent, on a cost per square foot basis, is assessed each agency occupying space in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services, operating expenses including major maintenance, and new and replacement equipment. Project work completed for agencies by in-house staff or contracted with an outside vendor is on a cost-recovery basis.

**Significant Present Law –**

- Janitorial Services Increases
- Caretaker Services on Capitol Complex
- Security Services on the Capitol Complex
- Increased Rent Expenses
- Increased Utility costs
- Increased taxes, assessments, and other fees
- Proprietary funds for rent expenses

**MAIL AND DISTRIBUTION DIVISION**

13 Mail & Distribution Division  
Reid Gardner x9623

**Program Description -** The Central Mail Bureau, which is budgeted but not appropriated in the general appropriations act due to passage of HB 576 by the 1995 Legislature, manages mail service for state agencies and also manages the Post Office located in the Capitol building.

**Proprietary Rates**

**Program Description -** The Central Mail Bureau is authorized by 2-17-301, MCA, by the 1977 Legislature to operate a Mail & Distribution Program to ensure that a central facility saves tax dollars by providing a professional mail processing staff, using automated mail processing equipment, and offering economies of scale for mail service.

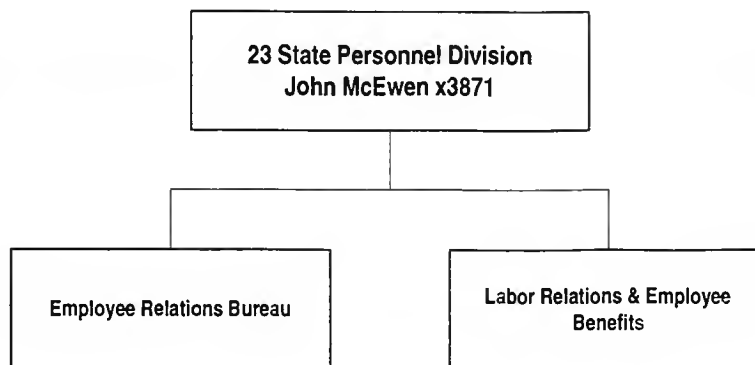
**Revenues and Expenses -** All rates and fees for the Central Mail Bureau are requested so that the mail management fund does not exceed 60 days working capital.

**Provision of service or level of fees -** There is no change in service delivery or fees.

**Working Capital -** Working capital is currently maintained at approximately 14 days.

**Cash Flow -** Agencies are billed monthly.

**Rate Explanation -** There are two rates in this program: 1) Messenger service rate, which provides mail sorting, outgoing pickup and incoming mail delivery to all state agencies within the Helena metropolitan area. The messenger service mail rate for 2001 biennium is a budgeted cost, then distributed as a fixed cost to customer agencies, based upon volume, number of holdouts (similar to a post office box) and number of deliveries; and 2) USPO mail handling service rates which are dependent on amount of handling required. Since domestic U.S. Mail increases by 4.1% in January 1999, and there are over 22 categories of handling fees, the specific fees may be adjusted so that charges generate no more than 60 days working capital balance. The primary charge to agencies is externally driven by U.S. Postal Service.



**Program Description -** The State Personnel Division provides state agencies with a comprehensive program of personnel administration including: training, position classification and pay, collective bargaining and labor relations, and equal employment and affirmative action. The division publishes state rules, standards and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, and other personnel matters. The division administers benefits plans that include health, life, dental, and vision insurance, flexible spending accounts, deferred compensation, a sick leave fund, employee incentive awards and health promotion. The division also prepares, maintains, and distributes payroll for all state employees. Training, payroll, group benefits, and flexible spending administration are provided through proprietary functions; however, HB2 authority is requested for the division administration, the classifications and labor relations functions, and for the employee incentive program and sick leave administration in Employee Benefits Bureau.

The Human Resources Standards and Services Bureau and Labor Relations Bureau functions are governed by 2-18-2; 2-18-102; 2-18-301 through 303; 2-18-604; 2-18-1011 through 1013; 39-29-112; 39-30-106; and 39-31-101 through 409, MCA. The payroll unit is governed by 2-18-401 through 412, MCA. Functions administered by the Employee Benefits Bureau are governed by 2-18-808 through 814; 2-18-1101 through 1106; 19-2-101 through 206; and 33-2-712, MCA. Operation of the Professional Development Center is mandated by 1-18-102, MCA.

**Executive Budget Recommendation -**

- Move FTE function from HB576 to HB2
- Purchase consulting services for state compensation alternatives

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	23.25	(0.75)	.00	22.50	(0.75)	.00	22.50
Personal Services	817,123	93,235	0	910,358	88,200	0	905,323
Operating Expenses	210,478	40,720	0	251,198	41,217	0	251,695
<b>Total Costs</b>	<b>\$1,027,601</b>	<b>\$133,955</b>	<b>\$0</b>	<b>\$1,161,556</b>	<b>\$129,417</b>	<b>\$0</b>	<b>\$1,157,018</b>
General Fund	1,027,601	133,955	0	1,161,556	129,417	0	1,157,018
<b>Total Funds</b>	<b>\$1,027,601</b>	<b>\$133,955</b>	<b>\$0</b>	<b>\$1,161,556</b>	<b>\$129,417</b>	<b>\$0</b>	<b>\$1,157,018</b>

**Proprietary Rates**

**Program Description -**

**Professional Development Center (PDC)** provides a variety of training products and facilitation services to state agencies on a fee reimbursement basis. About 1% of revenue comes from the sale of guidebooks and other training materials.

**State Payroll Unit** prepares, distributes, maintains processing, and reports on payroll and associated withholding and deductions for 11,500 state employees in the executive, legislative, and judicial branches.

**Employee Benefits Program** provides a variety of insurance products for 30,000 state employees, retirees, and their dependents. Funding for the insurance comes from paid premiums. The State of Montana, as the employer, has provided \$245 per month through August 1998 and \$270 per month through December 1999 for employee medical, dental, and basic life insurance for current employees.

**Revenues and Expenses –  
Professional Development Center**

**Change in Provision of Service or Level of Service** - Demand for services has historically been measured by the number of participants served. This measure is quite variable and difficult to predict from quarter to quarter. Total participants served was 3,334 in FY 1997, and 2,898 in FY 1998.

**Working Capital** - Working capital was \$19,357 at the end of FY 1998. This amount is expected to remain relatively unchanged through FY 1999. Revenue will have to exceed expenses in FY 2000 and FY 2001 by \$12,034 each year to obtain a 60 day working capital of \$43,424; rates were not calculated to achieve this balance.

**Cash Flow** - Customers are billed within a few days of the training and generally remit within 30 days.

**State Payroll**

**Working Capital** - The budgeting objective is to operate at a reasonable cost; working capital is not considered in the rates set.

**Cash Flow** - Fees are billed and collected at the beginning of each fiscal year.

**Employee Benefits Account**

**Working Capital** - State contribution is set by projecting plan costs and estimating the revenue necessary to maintain adequate actuarial reserves. Reserves are calculated as a percentage of claims and consist of two components: IBNR (Incurred but not reported) reserves and claims fluctuation reserves. The level of claims fluctuation reserves is increased in the second year of the biennium due to the length of time between premium projections.

**Rate Explanation –**

**Professional Development Center.** Rates are established by separating fixed costs or overhead from those variable costs directly associated with a specific workshop or service. The total projected fixed costs are divided by an estimate of total billable hours to allocate fixed costs to billable staff hours.

Billable hours for the 3.00 FTE in the program are estimated based on an analysis of past fiscal years. General preparation time, planning, supervisory/administrative tasks, personal leave, and unbilled travel time are subtracted from the total available hours. This analysis indicates that 62% of total staff time can be billed to specific products or services.

An analysis of expenses indicates that 26% of total costs are variable, and can be associated with specific products or service. The remaining 74% are personal services and other fixed costs that must be allocated through staff time.

The base price for services is calculated as:  $(\text{Total Costs} \times 74\%) / (\text{Total Hours} \times 62\%) = \text{Staff Cost per Hour}$

This base price determines the price of individual workshops by estimating the staff time required to develop and provide the workshop and the other variable costs (printing, room rent, travel) associated with conducting the training. The base price is also used to set a general schedule of prices where staff time and variable expenses can be consistently projected.

The base price for FY 2000 and FY 2001 is projected as follows:

FY 2000	$(\$266,180 \times .74) / (6240 \times .62) = \$50.91 / \text{hour}$
FY 2001	$(\$276,247 \times .74) / (6240 \times .62) = \$52.84 / \text{hour}$

**State Payroll Account** The State Payroll establishes a budget for 2001 biennium, distributes it as a fixed cost to the agencies, and bills each agency for its share based on a projected number of employees paid. The number paid is

**DEPARTMENT OF ADMINISTRATION  
STATE PERSONNEL DIVISION**

**6101  
23**

determined from experience in FY 1997 and FY 1998. The budget for FY 2000 and FY 2001 is based in part on FY 1998 expenses. Debt service expenses for MT PRRIME are included in the FY 1999 State Payroll budget. Significant change in the budget is planned because implementation of the PeopleSoft system will shift costs to the MT PRRIME in Information Services Division.

**Employee Benefits Account**

State contribution to employee insurance coverage:

Fiscal Year	Monthly Contribution	% Increase from Previous Year
FY94	\$210	
FY95	\$230	9.5%
FY96	\$220	(4.3%)
FY97	\$225	2.3%
FY98	\$245	8.9%
FY99	\$270	10.2%
FY00*	\$285*	5.5%
FY01**	\$295**	3.5%

\*effective 1/1/2000

\*\*effective 1/1/2001

Operating expenses incurred directly by the Employee Benefits Bureau account for about \$4.00 of the monthly premium and do not materially impact the need for premium increases. The most significant cost impact is from medical, pharmaceutical, and dental claims which make up over 85% of total plan costs.

**Significant Present Law -**

- Significant changes in the Payroll Program expenditures are planned due to the conversion of the TESSERACT software system to PeopleSoft. Implementation of PeopleSoft will shift costs that historically have been borne by the Payroll Program to the Information Services Division.
- Increase in health insurance claims
- Increase in Flexible Spending Account (FSA) participation and contract price

**Program Indicators -**

Indicator	Actual FY1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
State Benefit Plan - Monthly Average Exp per member	260.50	267.84	289.27	311.81	336.34	363.11

**RISK MANAGEMENT AND TORT DEFENSE**

24 Risk Mgmt and Tort Defense  
Brett Dahl x 2421

**Program Description -** The Risk Management & Tort Defense Division (RMTD) commercially insures against risk of loss for property, commercial vehicles, boiler, airport, aircraft, fidelity bond and fine arts. The state self-insures property losses under \$150,000 (\$250,000 for the prison), general liability, errors & omissions, inland marine, auto liability, full coverage auto insurance on certain owned vehicles and all lease/loan vehicles, and foster care liability. Coverage is provided for state agencies, boards, councils, commissions and the university system. The division also provides risk management/safety training, consultation services, claims administration and legal defense to prevent or minimize the adverse effects of physical or financial loss.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
# Claims/Suits Received	892	852	799	*	*	*
# Claims/Suits Resolved	712	898	703	*	*	*
\$ Indemnity Paid by Year	\$2.7	\$3.1	\$2.8	*	*	*

\* The services provided by RMTD are unique. It is impossible to predict the number of claims that will be filed against state agencies and how much it will cost to resolve those claims in any given year.

**Proprietary Rates**

**Program Description** -The Risk Management & Tort Defense Division (RMTD) commercially insures against risk of loss for property, commercial vehicles, boiler, airport, aircraft, fidelity bond and fine arts. The state self-insures property losses under \$150,000 (\$250,000 for the prison), general liability, errors & omissions, inland marine, auto liability, full coverage auto insurance on certain owned vehicles and all lease/loan vehicles, and foster care liability. Coverage is provided for state agencies, boards, councils, commissions and the university system. The division also provides risk management/safety training, consultation services, claims administration and legal defense to prevent or minimize the adverse effects of physical or financial loss.

**Revenues and Expenses –**

**Changes in provision of service and level of fees** - RMTD has no change in level of service from the prior biennium. Changes in the level of fees are explained under Rate Explanation. There currently are 12.00 FTE in the program, and a 1.00 FTE increase is planned for the 2001 biennium.

The Department of Administration is authorized by 2-9-202, MCA, to accumulate a self-insurance fund to pay for self-insured losses, to purchase insurance, and to fund operations. The funding objective is to maintain insurance rates sufficient to sustain consecutive "worst year" loss experience of \$5.4 million over FY 2000 and FY 2001. This \$5.4 million dollar number is based on actual costs sustained in one fiscal year.

The State of Montana has tort damage caps of \$750,000 per claim, \$1,500,000 per occurrence. Because the state performs diverse and high risk functions, three or four large catastrophic claims in any given year could drive the self-insurance fund balance to zero.

Commercial premium costs budgeted in agency fixed costs are budgeted on actual base year premiums paid to commercial carriers plus a percentage of increase. This percentage of increase is determined by talking to industry experts and brokers and getting their opinions about how much commercial premiums will be in the upcoming biennium.

**Working Capital** - RMTD is not required to maintain working capital sufficient to cover 60 days of operating and personal services expenses. The fund is authorized to maintain additional reserves for all reported claims which may be pending adjudication or payment at the end of the biennium based upon historical experience and "worst case" loss estimates.

**Fund Equity and Reserved Fund Balance** - The fund must reserve amounts adequate to pay claims remaining open as well as those that are incurred but not yet reported. Each year an actuary report is completed by Tillinghast, Towers Perrin which compiles the amount of claims and loss adjustment expenses that are known, and determines the amount of those that are incurred but not yet reported. This information allows RMTD to project the amount of estimated claims payable should all claims become due at the particular time that the actuary report is completed. The estimated claims payable is adjusted each year in SBAS, and is taken into consideration in determining the fund equity.

The amount of estimated claims payable is projected to increase by just over \$900,000 from FY 1998 to FY 1999 and this trend is expected to continue. This figure is calculated based on the actuary report and SBAS historical costs.



**Cash Flow** - Substantially all of the revenues for the fund are received in the first three months of the fiscal year when agencies pay the premium amounts for which they were budgeted. A small amount of these premium revenues is kept as cash to pay monthly operations and claims costs and the balance is invested by the Board of Investments. There is some monthly interest income from these investments.

There are major cash outflows during July and August for commercial insurance premiums as policies are renewed for the fiscal year. During the remainder of the fiscal year, cash outflows are fairly steady for operations and paying claims. There may be a major cash outflow during a particular month if RMTD is required to pay a large legal settlement to a claimant.

**Rate Explanation** -As previously mentioned, the budgeting objective is to maintain insurance rates sufficient to sustain consecutive "worst year" loss experience during the 2001 biennium. FY 1987 remains the single "worst year" since the inception of the self-insurance fund. It should be noted that the \$5.4 million "worst year" estimate was not inflated to 2001 biennium dollars.

RMTD proposes the following increases for FY 2000 and FY 2001 insurance over FY 1998 rates:

Insurance Line	<u>FY98 to 2000</u>	<u>FY2000 to 2001</u>
General/Auto Liability	5.20%	0.00%
*Fidelity Bond	62.69%	0.00%
Property	10.00%	0.00%
Aircraft	10.00%	0.00%
All Other Commercial Risks	5.00%	0.00%

The methodology for developing the proposed the 2001 biennium rates is as follows:

#### **Liability**

The combined automobile and general liability premium of \$5,079,262 for FY 2000 is a 5.2 % increase over the combined premiums of \$4,814,992 billed for FY 1998.

The combined premium of \$5,079,262 for FY 2001 is a 0 % increase over the FY 2000 combined premium. For FY 2000 and FY 2001, 24.5 % of the total premium is budgeted for automobile liability and 75.5 % is budgeted for general liability. These percentages are determined by the RMTD actuary.

#### **General Liability**

The base rate for general liability differs per agency based primarily on prior loss history. These determinations were made by an actuarial study.

The general liability premium budgeted for the 2001 biennium is \$3,834,842 per year. The allocation per agency is determined by an actuary. Sub-allocations within an agency are done using actual FTE figures for the Montana University System and authorized FTEs for all non-university agencies.

#### **Automobile Liability**

The base rate for automobile liability for state-owned vehicles differs per agency based primarily on prior loss history. These determinations were made by an actuarial study.

The automobile liability premium budgeted for the 2001 biennium is \$1,244,420 per year and is allocated based upon vehicles reported on the February, 1997, Source Data Report for FY 2000 and the February, 1998, Source Data Report for FY 2001. (If the Source Data Report had not been received from an agency, the last reported figures were used.)

#### **Leased Automobiles**

Liability rates differ per agency, based upon the same rate matrix used for owned vehicles. Collision/comprehensive rates are 1.5% of the April 1 market value at the start of the use period as determined from the NADA books.

FY 2000 budget amounts are based upon the reported exposure from 4/1/97 to 4/1/98 and market values as of 4/1/97. (If the Source Data Report had not been received, the last reported figures were used.)

FY 2001 budget amounts are based upon all leased vehicles in use as of 4/1/98 being utilized to 4/1/99 and market values as of 4/1/98. (If the Source Data Report had not been received, the last reported figures were used.)

### **Fidelity Bond**

The fidelity bond premium budgeted for FY 2000 and FY 2001 is \$41,250. This is a large increase from the \$15,390 budgeted for the 1999 biennium. The reason for the increase is that during FY 1998 the state had two large fidelity bond claims and a third potential one reported. Based on this, RMTD anticipates a large increase in the premium the state will be required to pay to the insurance carrier. Therefore, the amount budgeted for the 2001 biennium is triple the premium paid in FY 1998.

The premium was allocated to the agencies based on the number of employees reported on the Source Data Reports. The number of employees reported on the February, 1997, Source Data Report was used to allocate the premium for FY 2000; and the number of employees reported on the February, 1998, Source Data Report was used for FY 2001. The allocation was based on the ratio of the number of employees per specific agency to the total number of employees statewide. The prior year's allocation method of charging a certain rate per class of employee (Class A and Other) was not used this year as the commercial carrier did not charge the premium based on class of employee for FY 1998. The FY 1998 actual premium paid by RMTD was based on total number of employees, regardless of class.

### **Buildings and Contents**

State properties are commercially insured with high deductibles (\$250,000 for the prison, \$150,000 for all other). State properties are insured under two distinct policies, separating "university" from "non-university" properties. Included with the university properties are the building and contents of the Capitol complex. The non-university policy also provides property and loss of income coverage for the Toston Dam. Agency allocations are made proportionately, based upon the property values on record after the February, 1998, Source Data Report. The deductible reserve portion of the premium is based upon each agency's percentage of value to the total value. Commercial premium amounts are based upon each agency's percentage of value to the total value of their group (university or non-university).

FY 2000 and FY 2001 budgets were based upon a 10 % increase to the actual premiums charged for the 7/1/97 to 7/1/98 policy term, plus an additional amount to maintain the deductible reserve fund at a pre-determined balance.

### **Boilers**

Boilers are commercially insured and the FY 2000 budget of \$17,861 is based upon a 5 % increase to the \$17,010 premium charged for the FY 1998 policy term. The allocation was based upon a flat rate per boiler. The FY 2001 budget involves no increase from the FY 2000 budget.

### **Fine Arts**

Fine Arts are commercially insured and the FY 2000 budget of \$47,054 is based upon a 5 % increase to the commercial premium charged for the FY 1998 policy term. Each agency's allocation is in the same proportion as the amounts billed in FY 1998. The FY 2001 budget involves no increase from

### **Aircraft and Airports**

Aircraft, rotorcraft, and airports are commercially insured and the FY 2000 budget is based upon increases to the actual premiums charged for the 7/1/97 to 7/1/98 policy term. The FY 2001 budget involves no increase from the FY 2000 budget.

The airport premium budget for FY 2000 and FY 2001 of \$12,626 is an increase of 5 % over the FY 1998 premium of \$12,025.

The fixed wing and rotorcraft budget for the 2001 biennium of \$109,482 is an increase of 10% over the FY 1998 commercial premium paid as it is anticipated that aircraft rates will increase in the next biennium.

### **Other Insurance**

Foster child liability programs are self-insured with \$18,000 budgeted for the 2001 biennium the same as the 1999 biennium premium.

The commercial business auto policy for DPHHS vehicles is budgeted at \$10,267 for FY 2000 and FY 2001, a 5 % increase to the \$9,777 premium charged for the 7/1/97 to 7/1/98 policy term.

**DEPARTMENT OF ADMINISTRATION  
RISK MANAGEMENT & TORT DEFENSE**

**6101  
24**

The commercial policy for the OPI motorcycle training program is budgeted at \$5,246 for FY 2000 and FY 2001. This is the same amount as the 1999 biennium.

Recently, the Department of Natural Resources & Conservation requested coverage for some large fire trucks and fire fighting equipment. It was determined through talking with the state commercial insurance broker that a rate of 0.45 cents per \$100 of value was a competitive rate, and this rate was applied to the vehicle values supplied by DNRC. A total amount of \$4,635 was budgeted for DNRC for both FY 2000 and FY 2001.

**Significant Present Law –**

- Increase fidelity bond claims
- Increase authority for comprehensive insurance plan

**New Proposals –**

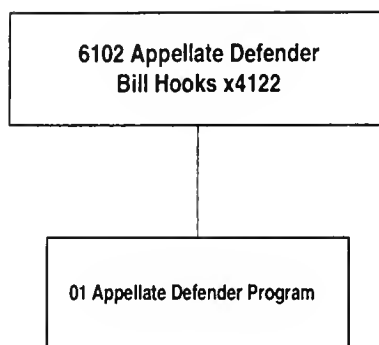
- Add data processing position

**STATE TAX APPEAL BOARD**

37 State Tax Appeal Board  
Pat McKelvey x2720

**Program Description -** The State Tax Appeal Board, established by Article VIII, Section 7, of the Mont. Const. and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes (15-30-147, MCA); corporate taxes (15-31-532, MCA); severance taxes, centrally assessed property, and new industry (15-2-302, MCA); gasoline and vehicle fuels taxes (15-70-111, MCA) and cabin site leases (77-1-208, MCA). The board travels throughout the state to hear appeals from decisions of the county tax appeal boards and conduct informational meetings on a district basis for the various county tax appeal boards. The State Tax Appeal Board directs the county tax appeal board secretaries who are state employees and pays their salaries and employee benefits from its personal services appropriation. The State Tax Appeal Board reviews and pays the expenses, including employee benefits, for the county tax appeal board secretaries who are county employees. The State Tax Appeal Board pays the clerically-related expenses for all 56 county tax appeal boards, e.g., supplies, postage, copies, excluding office equipment.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.50	.00	.00	10.50	.00	.00	10.50
Personal Services	247,461	73,677	0	321,138	72,281	0	319,742
Operating Expenses	80,783	5,389	0	86,172	5,999	0	86,782
Local Assistance	3,020	0	0	3,020	0	0	3,020
<b>Total Costs</b>	<b>\$331,264</b>	<b>\$79,066</b>	<b>\$0</b>	<b>\$410,330</b>	<b>\$78,280</b>	<b>\$0</b>	<b>\$409,544</b>
General Fund	331,264	79,066	0	410,330	78,280	0	409,544
<b>Total Funds</b>	<b>\$331,264</b>	<b>\$79,066</b>	<b>\$0</b>	<b>\$410,330</b>	<b>\$78,280</b>	<b>\$0</b>	<b>\$409,544</b>



**Mission Statement** - To permit state courts to fulfill, in a cost-effective manner, federal and state constitutional and statutory obligations to appoint counsel to effectively represent indigent persons who wish to pursue their rights to challenge criminal convictions, by means of appeals to the supreme court or by other post-conviction challenges; to assist defense counsel in appeals on request; to aid the Appellate Defender Commission in promulgating standards for the appointment of trial and appellate counsel in Montana; and to develop and maintain a roster of defense attorneys eligible for appointment in Montana.

**Statutory Authority** - State mandates at 46-8-210 through 213, MCA.

**Program Description** - The Office of the Appellate Defender provides legal counsel for indigent persons who have been convicted and who: a) appeal their district court conviction; and/or b) petition for post-conviction relief from proceedings in district court. The appellate defender also aids the commission in compiling and keeping current a statewide roster of attorneys eligible for appointment by an appropriate court as trial and appellate defense counsel for the indigent.

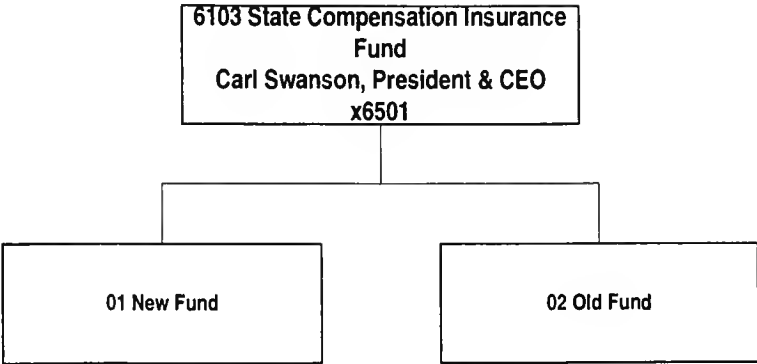
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	3.00	.00	.00	3.00	.00	.00	3.00
Personal Services	97,610	38,595	0	136,205	37,620	0	135,230
Operating Expenses	41,733	11,407	0	53,140	11,342	0	53,075
<b>Total Costs</b>	<b>\$139,343</b>	<b>\$50,002</b>	<b>\$0</b>	<b>\$189,345</b>	<b>\$48,962</b>	<b>\$0</b>	<b>\$188,305</b>
General Fund	139,343	50,002	(189,345)	0	48,962	(188,305)	0
State/Other-Special	0	0	189,345	189,345	0	188,305	188,305
<b>Total Funds</b>	<b>\$139,343</b>	<b>\$50,002</b>	<b>\$0</b>	<b>\$189,345</b>	<b>\$48,962</b>	<b>\$0</b>	<b>\$188,305</b>

**Significant Present Law Adjustments -**

- Support increased administrative expenses
- Provide expert witnesses

**New Proposals -**

- Change funding from general fund to state special revenue due to passage and approval of HB166



**Mission Statement** - To be Montana’s insurance carrier of choice and industry leader in service.

**Statutory Authority** - Title 39, chapter 71, MCA.

**Executive Recommended Legislation** -

- Exempt all insurance service functions from state statutes governing procurement of contracted services.
- Amend State Fund dividend statute to recognize staggered policy effective date.
- Constitutional amendment for investment in equities.
- Maintain 25% surplus requirement and add language to require an excess of capital over the amount produced by the national association of insurance commissioners (NAIC) risk-based capital requirements for a casualty insurer.

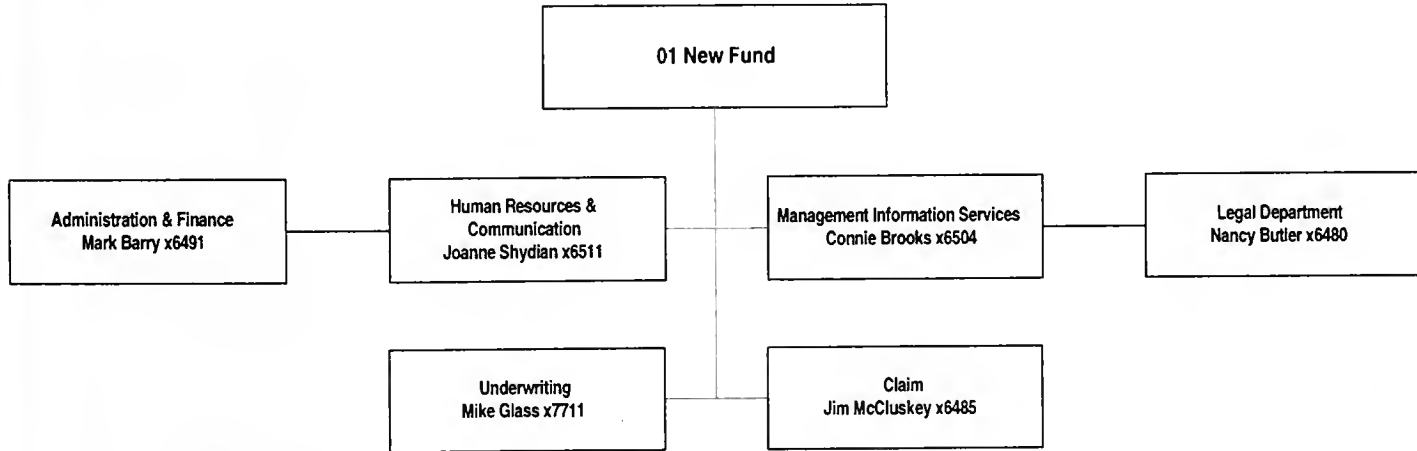
The State Fund is reviewing and monitoring other areas for potential legislative action.

**Executive Budget Recommendation** -

The State Fund annual budget is established to achieve goals and objectives supporting coordinated, long-term business strategies. The following are the “Core Strategies” from State Fund 1999 Strategic Business Plan.

1. Continue to focus on providing superior customer service.
2. Maintain and enhance our financial strength.
3. Improve our competitive capabilities and position.
4. Improve our internal business infrastructure.
5. Improve our management capabilities.
6. Foster a positive business environment.

**NEW FUND**



**Program Description** - The State Compensation Insurance Fund (State Fund) provides liability insurance for workers’ compensation and occupational disease and may not refuse coverage to any employer requesting coverage (Title 39,

chapter 71, MCA). The Montana Workers' Compensation Act requires all employers in Montana who have employees in service to carry workers' compensation insurance. The Department of Labor and Industry regulates the workers' compensation industry in Montana. Three plans exist for coverage: Plan I - self-insured; Plan II - Private Insurance Companies; or Plan III - State Compensation Insurance Fund (State Fund). The State Fund is a nonprofit public corporation.

The State Fund guarantees the availability of workers' compensation coverage for all employers in Montana. Montana law requires the State Fund to insure any employer in the state who requests coverage, except those in default of a prior payment to the fund. As provided in law, the State Fund insures all state agencies.

Under the workers' compensation laws of Montana, the State Fund is liable for payment of benefits to employees for injuries arising out of and in the course of employment, or in the case of death or injury, to the beneficiaries.

The State Fund oversees two programs:

1) The State Fund, also referred to as the New Fund, is responsible for administering claims and benefits payments for injuries occurring on or after July 1, 1990. The State Fund is responsible for administering claims of the Old Fund, claims occurring before July 1, 1990.

2) The Old Fund is responsible for benefit payments on claims for injuries that occurred before July 1, 1990.

All premiums and other money paid to the State Fund, all property and securities acquired through the use of money belonging to the State Fund and, all interest and dividends earned upon money belonging to the State Fund are the sole property of the State Fund. The money must be used exclusively for the operations and obligations of the State Fund. The money collected by the State Fund can not be used for any other purpose (39-71-2320 (1), MCA).

Management of the State Fund is vested in a seven-member board of directors (board) appointed by the Governor. Statute requires the State Fund to set premium rates at levels sufficient, when including future investment income, to fund the insurance program. This includes the cost of administration, benefits, and adequate reserves. The State Fund is subject to the laws governing state agencies, unless specifically exempted by statute.

Section 39-71-2321, MCA, provides a statutory appropriation of all funds deposited in the State Fund. Because the State Fund has a statutory appropriation, it is not budgeted in the general appropriations act.

The board is statutorily required to establish a business plan (39-71-2315,MCA) and an annual budget within parameters defined in law (39-71-2363,MCA). State law requires the State Fund to submit its annual budget to the Legislative Finance Committee for review. The Board may approve administrative expenditures in excess of 15% of prior year's premium, not to exceed one-half of prior fiscal year's earned investment income. Dividends may not be included as administrative expenditures.

In September 1996, the State Fund Board declared a dividend from excess surplus in the New Fund of up to \$109 million. Of this amount, an amount not to exceed \$12 million was designated as a return of New Fund contributed capital and was applied to the repayment of the Old Fund liability.

In FY 1998, the State Fund made payment, as required in law (no later than June 30, 1998), of \$63.8 million to the Old Fund account, to be applied to the repayment of the Old Fund liability.

The State Fund made payment, as required in law (in the fiscal year ending June 30, 1998), of \$10 million to the general fund. In FY 1999, the State Fund will make an additional payment of \$10 million to the general fund as required in law. The \$20 million paid by the State Fund to the general fund is the repayment of general fund monies required for State Fund operations prior to the 1990 Special Session restructuring the State Fund and the Old Fund.

**Executive Budget Recommendation –**

The State Fund Strategic Business Plan is used as the basis to establish the annual budget. The annual budget shall consist of an estimate of the entire expense of administering the State Fund for the succeeding fiscal year, with due regard for the business interests and contract obligations of the State Fund.

# STATE COMPENSATION INSURANCE FUND NEW FUND

6103  
01

The FY 2000 and FY 2001 projected expenditures and funding are based on the Core Strategies and Goals from the State Fund 1999 Strategic Business Plan projected through the biennium.

Workers' compensation premiums and investment earnings on State Fund assets primarily fund the State Fund operations. The State Fund does not receive general fund monies.

## Program Indicators –

Indicator	Actual FY1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Net Premium (000's)	\$114,459	\$88,154	\$76,421	\$66,049	\$67,080	\$69,112
Policyholders As of 6/30	25,474	24,823	24,043	24,354	24,734	25,483
Claims Reported	6,506	13,656	11,363	10,113	10,271	10,609

## Budget Summary Table –

The budget table shown below reflects projected operating, claim expenditures, and funding. Estimates for claim expenditures and funding are periodically updated by State Fund staff and are subject to change. The Board approves a budget annually.

The data cited in the table is for informational purposes only and is based on a two-year State Fund staff projection of State Fund operations. The State Fund Board has not approved these expenditure levels for FY 2000 and FY 2001.

Program Proposed Budget Budget Item	Base Budget Fiscal 1998	Estimated Adjustments Fiscal 2000	Total Budget Fiscal 2000	Estimated Adjustments Fiscal 2001	Total Budget Fiscal 2001
Full Time Equivalent Employees	236.75	(1.00)	235.75	0.00	235.75
Personal Services	\$8,564,757	\$1,042,642	\$9,607,399	\$307,437	\$9,914,836
Operating Expenses	\$5,103,861	\$4,169,244	\$9,273,105	\$342,581	\$9,615,686
Equipment	\$1,941,892	(\$1,554,123)	\$387,769	(\$145,244)	\$242,525
Benefits	\$59,120,005	(\$224,777)	\$58,895,228	(\$98,349)	\$58,796,879
<b>Total Costs</b>	<b>\$74,730,515</b>	<b>\$3,432,986</b>	<b>\$78,163,501</b>	<b>\$406,425</b>	<b>\$78,569,926</b>
State Fund Net Premium	\$76,421,325	(\$9,341,325)	\$67,080,000	\$2,032,000	\$69,112,000
State Fund Investment Income	\$32,612,268	(\$1,424,895)	\$31,187,373	\$1,254,000	\$32,441,373
Net Inc/Dec in Fair Value of Investments	\$12,487,840	(\$12,487,840)	\$0	\$0	\$0
State Fund Other Income	\$35,627	\$0	\$35,627	\$0	\$35,627
<b>Total Funding</b>	<b>\$121,557,060</b>	<b>(\$23,254,060)</b>	<b>\$98,303,000</b>	<b>\$3,286,000</b>	<b>\$101,589,000</b>

## Significant Adjustments –

The State Fund's administrative ratio has been increasing since 1995 and is attributable to a significant reduction in earned premium. Earned premium peaked in FY 1994 at \$182.5 million and is estimated to be \$67.4 million in FY 1999, \$67 million in FY 2000, and \$69.1 million in FY 2001. The number of policyholders has declined minimally over the same period. This reduction in earned premium is, in large part, a result of State Fund reductions since July 1994 in premium rates of 38.1%.

- Personal Services – The decrease of 1.00 FTE from FY 1998 to FY 2000 is due to a reduction in Claim Department staff in FY 1999.
- Operating Expenses – The increase is due to the cost for agent services and the administrative assessment paid to the Department of Labor and Industry. In FY 1998, the agents program was being developed and \$93,625 in commissions were paid to agents. In FY 1999, we estimate \$1.57 million in commissions will be paid to agents; in FY 2000 we estimate \$2.4 million in commissions will be paid; and in FY 2001 we estimate payment of \$2.55 million in agents commissions.

SB-375 passed by the 1997 Legislature restructured the funding of the subsequent injury fund. The Department of

Labor and Industry transferred \$3.5 million of excess funds held in the subsequent injury fund to the fund in 39-71-201, MCA, the administration fund. The administration fund held the State Fund's portion of the fund balance of \$2,397,500. This balance was used to pay for the FY 1998 administrative assessment cost of \$1,473,080 and will be used to pay an estimated \$924,420 of the FY 1999 administrative assessment. In FY 2000 and FY 2001, the State Fund is estimating \$1.6 million in administrative assessment costs.

- **Equipment** – In FY 1999, the State Fund will complete implementation of computer systems which convert all paper documents associated with a policy or a claim into an electronic format which can be used simultaneously by a number of staff. These systems have allowed the State Fund to re-design work flows to develop efficiencies. The systems provide additional data on policyholders and claimants allowing enhanced analysis by management. The reduction in equipment costs from FY 1998 to FY 2000 reflects the project's completion.

## OLD FUND

### 02 Old Fund

#### Program Description -

The State Fund administers the claims of the Old Fund and charges the cost of administering the claims to the Old Fund. The State Fund is limited in law to charge no more than \$3 million per year to the Old Fund for claims administration.

The Old Fund is funded through the Old Fund Liability Tax (OFLT), enacted in 1993 and administered by the Department of Revenue. The OFLT rates are established at 0.50% of payroll for employers, 0.20% of salary and wages for employees, and 0.20% on the profit of self-employed individuals.

State law establishes parameters for the termination of the OFLT and contingencies based upon the date the budget director certifies that the Old Fund liability is adequately funded. The contingent termination dates are January 1, 1999, if the budget director certifies adequate funding of the Old Fund liability by October 15, 1998, or July 1, 1999, if the budget director certifies adequate funding of the Old Fund liability by February 28, 1999. At the September 16, 1998, State Fund Board meeting, the fund's consulting actuary advised the board that as of 12/31/98 the Old Fund would be fully funded including a contingency of 10%. As a result of this action, the board in turn advised the State of Montana budget director that the Old fund would be fully funded as of 12/31/98. On September 16, 1998, the budget director submitted written notice to the Department of Revenue to begin efforts to provide for terminating the collection of the Old Fund liability tax on January 1, 1999.

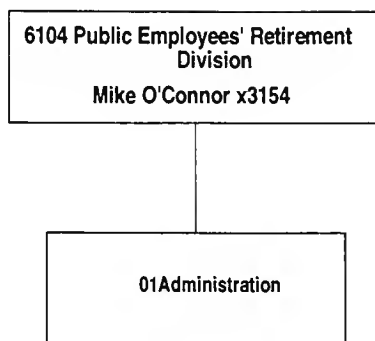
#### Budget Summary Table -

The budget table shown below reflects projected operating, claim expenditures, and funding. Estimates for claim expenditures and funding are periodically updated by State Fund staff and are subject to change. The board approves a budget annually.

The data cited in the table is for informational purposes only and is based on a two-year State Fund staff projection of State Fund operations. The State Fund Board has not approved these expenditure levels for FY 2000 and FY 2001.

Program Proposed Budget					
Budget Item	Base Budget Fiscal 1998	Estimated Adjustments Fiscal 2000	Total Budget Fiscal 2000	Estimated Adjustments Fiscal 2001	Total Budget Fiscal 2001
Operating Expenses	\$19,566	(\$2,430)	\$17,136	\$343	\$17,479
Benefits	\$14,634,907	\$868,351	\$15,503,258	(\$972,924)	\$58,796,879
<b>Total Costs</b>	<b>\$14,654,473</b>	<b>\$865,921</b>	<b>\$15,520,394</b>	<b>(\$972,582)</b>	<b>\$14,530,334</b>
Old Fund Liability Tax Revenue	\$52,651,000	(\$50,480,000)	\$2,171,000	(\$2,171,000)	\$0
Old Fund Investment Income	\$2,265,765	\$5,261,235	\$5,261,235	(\$509,000)	\$7,018,000
Net Inc/Dec in Fair Value of Investments	\$168,665	(\$168,665)	\$0	\$0	\$0
New Fund Dividend to Old Fund	\$63,800,000	(\$63,800,000)	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$118,855,430</b>	<b>(\$109,187,430)</b>	<b>\$9,698,000</b>	<b>(\$2,680,000)</b>	<b>\$7,018,000</b>





**Mission Statement** – As constitutionally-designated fiduciaries of eight state and local government public retirement systems, the Public Employees' Retirement Board is dedicated to efficiently and equitably administering those systems on a financially sound basis, providing broad retirement coverage to public employee members and their beneficiaries in case of death, disability or retirement as prescribed by the state statutes and regulated by federal statutes and rules. The Public Employees' Retirement Division is dedicated to providing the professional, technical and clerical support necessary to accomplish this mission and strives to provide superior services cost-effectively while maintaining high ethical standards.

**Statutory Authority** – Title 2, Chapter 15; Title 19, Chapters 2, 3, 5, 6, 7, 8, 9, 13, and 17, MCA; and Internal Revenue Service codes

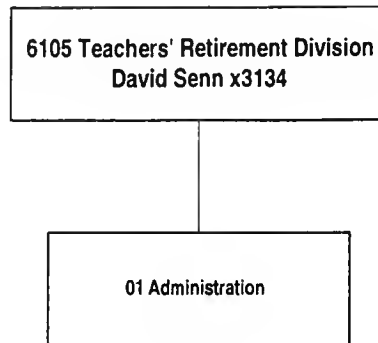
**Program Description** – The Public Employees' Retirement Board administers eight statutorily distinct public retirement systems: Public Employees', Judges', Game Wardens and Peace Officers', Sheriffs', Highway Patrol Officers', Municipal Police, and Firefighters' Unified retirement systems, and the Volunteer Firefighter's Compensation Act. The board is administratively attached to the Department of Administration and is staffed by the Public Employees' Retirement Division, which carries out the daily administration of the systems. The Public Employees' Retirement Board has 22 employees to serve as the administrative staff. This agency accounts for over \$2.9 billion held in trust for the eight public pension plans administered by the board, with over \$535 million in annual revenues and \$124 million in annual expenses. Monthly retirement, disability, and death benefits are paid to over 15,000 recipients. Annual benefit payments exceed \$122 million. Contributions from over 32,000 active members are collected and accounted for annually.

**Program Indicators -**

	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Benefits	111,185,664	114,471,344	122,560,311	131,423,000	140,924,000	151,123,000
Total Assets	2,075,514,358	2,487,977,072	2,899,348,488	3,427,407,254	4,051,838,900	4,790,270,409

Summary of FY 1998 Expenditures	
FTE	22.00
Personal Services	\$687,865
Operating Expenses	\$574,069
Equipment	\$ 36,059
Total	\$1,297,994

The 1997 Legislature made pension trust fund expenditures non-budgeted. To ensure unbiased and effective administration, total administrative expenses of the board may not and do not exceed 1.5% of the total retirement benefits paid.



**Mission Statement** - To maintain a financially sound system that is actuarially funded that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

**Statutory Authority** - Title 19, Chapter 20, MCA; and Internal Revenue Service codes

**Program Description** - The Teachers' Retirement Board, which consists of six members appointed by the Governor, is responsible for the administration of the Teachers' Retirement System (TRS). To assist in fulfilling its duties, the board employs a full-time staff. The TRS administers retirement, disability, and survivor benefits for all Montana teachers and their beneficiaries.

**Executive Recommended Legislation -**

- TRS Board proposed federal compliance/housekeeping proposal legislation
- Guaranteed Annual Benefit Adjustment (GABA) presented in the Department of Administration program 03 budget

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Contributions	79,990,905	82,089,295	86,614,834	90,000,000	94,000,000	98,000,000
Benefits	83,763,230	88,631,324	94,204,970	100,000,000	106,000,000	112,000,000

Summary of FY 1998 Expenditures	
<b>FTE</b>	<b>12.00</b>
<b>Personal Services</b>	<b>\$430,015</b>
<b>Operating Expenses*</b>	<b><u>\$451,437</u></b>
<b>Total</b>	<b><u>\$881,452</u></b>

\* Includes depreciation and amortization

The 1997 Legislature made pension trust fund expenditures non-budgeted. To ensure unbiased and effective administration, total administrative expenses of the board may not and do not exceed 1.5% of the total retirement benefits paid.



# **PUBLIC HEALTH AND HUMAN SERVICES**

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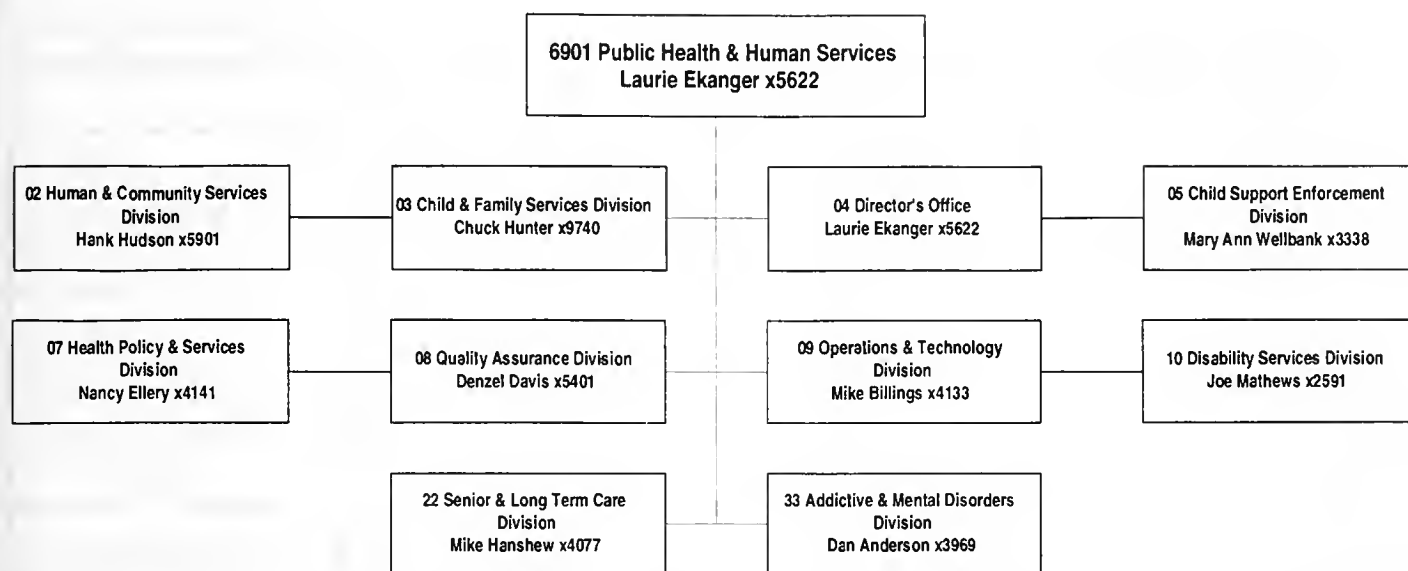
**Department of Public Health and Human Services**

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**OBPP Staff**

<b>Bob Andersen</b>	<b>x3699</b>
<b>Connie Welsh</b>	<b>x4115</b>





**Mission Statement** - The mission of the Montana Department of Public Health and Human Services is to improve and protect the health, well being, and self-reliance of all Montanans.

**Statutory Authority** - 2-15-2201, MCA

**Executive Recommended Legislation** - Montana Children's Health Insurance Program (CHIP) Authorization: Provides health insurance coverage through private carriers for children up through age 18 who do not have access to health insurance and are not eligible for Medicaid, and whose families meet certain income guidelines.

**Executive Budget Recommendation -**

- Reduce the amount of state general fund by \$3.9 million to reflect the drop in recent years of the number of public assistance cases due to the success of the welfare reform program
- Increase by 1% the funding from the department to the private providers of services for programs managed by DPHHS
- Increase support services funded with unused federal block grant monies, to people receiving or transitioning off public assistance, and to assist them in maintaining their self-sufficiency
- Through refinancing with current level of state general fund and increasing federal funds, expand the services for people currently on waiting lists for community disability services
- Increase funding for Medicaid in-home, assisted living, and other community-based services to assist the people most at risk of placement in higher cost nursing home care
- The Medicaid Program is divided among the Health Policy and Services Division, the Disability Services Division, the Senior and Long Term Care Services Division, and the Addictive and Mental Disorders Division. The state and federal funding percentage rates for the program are determined using the Federal Medical Assistance Percentage (FMAP) formula, which compares the per capita income in Montana to the U.S. per capita income.

The state share percentages for Medicaid during state fiscal years 1998 through 2001 are 29.83%, 28.56%, 27.84% and 27.22% (projected), respectively. Each percentage point decrease in state share reduces the state cost approximately \$4 million per year. The reductions in state cost share for the Medicaid Program during the 2001 biennium, over the state costs for the 1999 biennium, are proposed to be re-invested in supporting the growth in Medicaid expenditures and strengthening human services programs throughout the department.

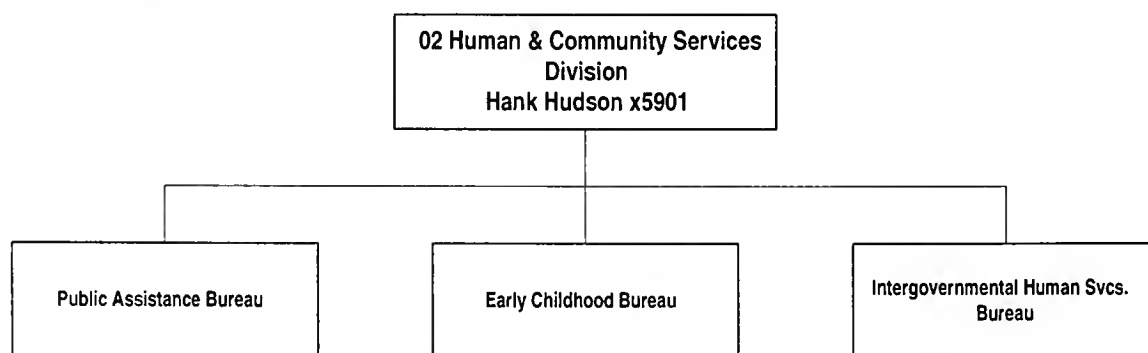
**Language** - The following language is recommended for HB2:

- "Upon written approval by the governor, the department may use savings achieved during the biennium in department programs to improve the average hourly wages of direct care workers in the Medicaid personal assistance program, the developmental disabilities community program, and the foster care program and to improve the daily compensation for family foster homes. Savings also may be used to adjust nursing home reimbursement to account for patient acuity."

- "The department may add FTE instead of contracting for services if it certifies to the office of budget and program planning that FTE are more cost effective than contracting. FTE added through this language will be modified and may not be included in the 2003 biennium base budget."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2797.71	(85.00)	41.35	2754.06	(85.00)	14.75	2727.46
Personal Services	93,307,358	1,708,353	1,260,654	96,276,365	1,090,447	661,746	95,059,551
Operating Expenses	56,846,711	4,819,981	6,956,686	68,623,378	5,087,974	7,041,069	68,975,754
Equipment	1,464,266	(149,440)	82,578	1,397,404	(164,360)	5,101	1,305,007
Local Assistance	3,302	0	0	3,302	0	0	3,302
Grants	29,583,504	3,228,970	682,970	33,495,444	3,573,970	741,137	33,898,611
Benefits & Claims	522,316,379	27,790,785	57,276,850	607,384,014	43,960,734	45,854,517	612,131,630
Debt Service	830,213	142,233	7,005	979,451	311,004	4,505	1,145,722
<b>Total Costs</b>	<b>\$704,351,733</b>	<b>\$37,540,882</b>	<b>\$66,266,743</b>	<b>\$808,159,358</b>	<b>\$53,859,769</b>	<b>\$54,308,075</b>	<b>\$812,519,577</b>
General Fund	218,897,665	3,560,893	34,318	222,492,876	5,120,575	2,188,884	226,207,124
State/Other Special	46,883,154	(2,031,185)	395,274	45,247,243	(2,275,927)	461,668	45,068,895
Federal Special	438,570,914	36,011,173	65,837,151	540,419,238	51,015,121	51,657,523	541,243,558
Proprietary	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$704,351,733</b>	<b>\$37,540,881</b>	<b>\$66,266,743</b>	<b>\$808,159,357</b>	<b>\$53,859,769</b>	<b>\$54,308,075</b>	<b>\$812,519,577</b>

## HUMAN AND COMMUNITY SERVICES DIVISION



**Program Description** - The Human and Community Services Division (HCSD) administers public assistance, employment and training programs, child care assistance, child and adult food care programs, food stamps, commodity distribution, low-income energy assistance and home weatherization, and other programs designed to foster self sufficiency and a safe, healthy environment for families and children. HCSD also provides the user liaison for the large statewide computer system application: TEAMS (The Economic Assistance Management System).

Public assistance programs are administered by county offices responsible for eligibility determinations for the FAIM (Families Achieving Independence in Montana) program, cash assistance, Medicaid, food stamps, and energy assistance. The Governor's Advisory Council on Child Care is administratively attached to the division.

Statutory References: Title 43, Chapter 3, and Title 53, Chapters 2, 3, and 4, MCA provide duties of the division.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Pounds of food delivered to Indian Reservations, 90 elderly feeding sites, 150 charitable organizations, & 60 food banks/ kitchens	7million	7million	7million	7million	7 million	7million
Quarterly increase in number of cash assistance cases closed	15%	15%	15%	15%	15%	15%
Number of low-income working families receiving child care assistance	4,265	4,996	5,439	6,820	7,398	7,398

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	423.95	10.50	.00	434.45	10.50	.00	434.45
Personal Services	14,859,476	227,941	0	15,087,417	131,787	0	14,991,263
Operating Expenses	4,839,850	2,090,921	3,358	6,934,129	2,123,992	3,176	6,967,018
Equipment	94,722	(2,100)	0	92,622	(2,100)	0	92,622
Grants	10,545,189	3,062,602	125,000	13,732,791	3,407,131	125,000	14,077,320
Benefits & Claims	55,176,537	1,867,442	40,296,022	97,340,001	2,569,013	19,258,959	77,004,509
Debt Service	49,506	0	0	49,506	0	0	49,506
<b>Total Costs</b>	<b>\$85,565,280</b>	<b>\$7,246,806</b>	<b>\$40,424,380</b>	<b>\$133,236,466</b>	<b>\$8,229,823</b>	<b>\$19,387,135</b>	<b>\$113,182,238</b>
General Fund	18,772,830	702,535	(1,376,556)	18,098,809	702,114	(1,477,435)	17,997,509
State/Other Special	3,676,203	237,107	0	3,913,310	225,374	0	3,901,577
Federal Special	63,116,247	6,307,164	41,800,936	111,224,347	7,302,335	20,864,570	91,283,152
<b>Total Funds</b>	<b>\$85,565,280</b>	<b>\$7,246,806</b>	<b>\$40,424,380</b>	<b>\$133,236,466</b>	<b>\$8,229,823</b>	<b>\$19,387,135</b>	<b>\$113,182,238</b>

**Significant Present Law -**

- Add \$220 thousand federal Child and Adult Care Food funds to fulfill federal requirements to provide nutritional education and audit provider compliance with federal requirements.
- Add \$280 thousand federal Child Care Development funds to fulfill federal administrative requirements of the new child care block grant.
- Increase of \$3.3 million federal TANF funds each year for services for cash assistance recipients to ensure that the state meets federal work mandates and avoids sanctions that must be paid from the general fund.
- Provide \$120 thousand state general fund each year for payment of the non-federal portion of Glacier County's welfare costs, in addition the county contributes 9 mils of property tax revenue.
- Provide \$6.5 million in federal Child and Adult Food Care funds for increased reimbursement to child and adult care providers for food served.
- Increase \$1.1 million, including \$181 thousand in state general fund, for the Food Stamp Nutrition Education Program, added welfare training, and increased rent for relocation.
- Add \$1.2 million federal TANF funds per year for enhanced employment and training support to assist FAIM recipients in gaining work skills and moving toward self sufficiency.
- Increase \$1.1 million federal Temporary Emergency Food Assistance funds for a 5% increase in commodities distributed and for home heating system cost effectiveness analysis.
- Reduction of \$4.2 million TANF block grant due to decline in cash assistance caseloads.
- Provide \$987 thousand general fund to offset the reduction in federal funds used for the eligibility determination function for Medicaid and Food Stamp programs.

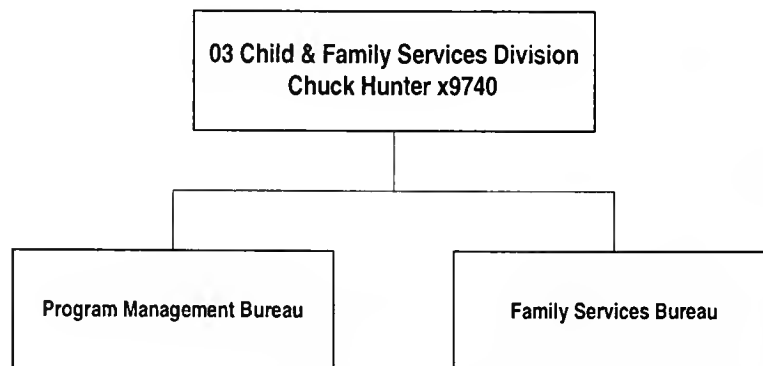
**New Proposals -**

- Increase child care services \$3.5 million, including \$948 thousand state general fund, to assure adequate child care funding for FAIM families participating 30 hours per week in mandated work activities and to provide child care services to an additional 62 families.
- Authorize \$100 thousand federal Head Start funds each year for a 5 year federal grant initiated in FY1998 to help ensure children participating in Head Start programs have access to health care and full day services.
- Increase general fund to the Montana Food Bank Network by \$50 thousand to help keep up with the growing demand for food bank services.
- Reduce \$3.9 million state general fund for the welfare program to reflect the reduced number of welfare cases in Montana.
- Provide \$5 million per year in federal TANF block grant funds to expand child care services for families transitioning off of cash assistance, other low-income working families to help them avoid becoming eligible for cash assistance, and to increase the number of hours of child care for cash assistance recipients who must be involved in work activities or employment in order for the state to continue to receive the federal block grant.
- Provide \$46.1 million federal TANF block grant spending authority to establish a reserve for increased caseload to be used in the event of an economic downturn, support for employment and training, and increase child care to assist more families in moving off public assistance and into the workforce.

**Language Recommendations**— The following language is recommended for HB2:

- "Benefits for TANF are set at 40.5% of the poverty rate for each year of the biennium."
- "The provider rate increase provided for child care should reflect local markets."
- "In the event families achieving independence in Montana (FAIM) caseloads increase to a level greater than projected for the 2001 biennium, or the department is unable to meet federally-mandated work participation requirements due to the lack of resources, the department may access excess TANF funds held by the federal government and referred to by the state to be Montana's "TANF reserve" to fund services which further the goals of FAIM. It is estimated that this "TANF reserve" will total approximately \$22 million. Prior to accessing these funds, the department shall review with the office of budget and program planning current FAIM caseload statistics and trends in caseload and a copy of the information shall be provided to the legislative fiscal division."

**CHILD AND FAMILY SERVICES DIVISION**



**Program Description** - The Child and Family Services (CFS) Division administers child welfare services, abuse prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFS oversees five regional offices that administer programs and are advised by Local Youth Services Advisory Councils which serve as the link between local communities and DPHHS. CFS also provides the user liaison for the large statewide computer system application: CAPS (the Child and Adult Protective Services) system.

**Statutory References:** Title 43, Chapter 3, and Title 53, Chapters 2, 3, and 4, MCA, provide for the duties of the division.



**PUBLIC HEALTH & HUMAN SERVICES  
CHILD & FAMILY SERVICES DIV**

**6901  
03**

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Average length of time (number of days) children remain in foster care	N/A	N/A	735	N/A	588	588
Use of extended families for kinship placements	N/A	N/A	438	N/A	483	483

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	370.45	(10.50)	15.00	374.95	(10.50)	15.00	374.95
Personal Services	12,435,021	407,491	498,311	13,340,823	319,230	494,878	13,249,129
Operating Expenses	3,912,732	519,031	212,842	4,644,605	560,056	228,776	4,701,564
Equipment	337,015	8,500	30,000	375,515	8,500	15,000	360,515
Grants	3,337,999	(74,411)	175,000	3,438,588	(74,411)	175,000	3,438,588
Benefits & Claims	16,402,126	1,659,101	178,294	18,239,521	2,873,463	370,284	19,645,873
Debt Service	97,061	36,235	3,005	136,301	36,235	3,005	136,301
<b>Total Costs</b>	<b>\$36,521,954</b>	<b>\$2,555,947</b>	<b>\$1,097,452</b>	<b>\$40,175,353</b>	<b>\$3,723,073</b>	<b>\$1,286,943</b>	<b>\$41,531,970</b>
General Fund	20,164,064	1,822,325	(2,151,667)	19,834,722	2,479,722	(2,037,753)	20,606,033
State/Other Special	3,472,576	(123,331)	17,265	3,366,510	(105,143)	35,876	3,403,309
Federal Special	12,885,314	856,952	3,231,854	16,974,120	1,348,494	3,288,820	17,522,628
<b>Total Funds</b>	<b>\$36,521,954</b>	<b>\$2,555,946</b>	<b>\$1,097,452</b>	<b>\$40,175,352</b>	<b>\$3,723,073</b>	<b>\$1,286,943</b>	<b>\$41,531,970</b>

**Significant Present Law Adjustments -**

- Provide approximately \$1.7 million, including \$1.4 million state general fund, for foster care caseload increases to provide permanent homes for children and provide services to children who cannot be safely returned to their families.
- Add \$1.1 million, including \$770 thousand in state general fund, for replacement vehicles, increases in contracted services, legal fees and other administrative costs of the child and adult protective services program.
- Add \$473 thousand, including \$238 thousand state general fund, for foster and adoptive parent training and for rent, equipment and program policy administration.
- Adds \$3.1 million, including \$1.6 million general fund, for subsidized adoption caseload increases and the cost of health insurance for foster children placed with adoptive families. Insurance is required by the Adoption and Safe Families Act passed by Congress in 1997 (Safe Families Act).

**New Proposals -**

- Provide \$608 thousand, including \$441 thousand state general fund, for the continuation of 6.00 FTE community staff (added in FY1998), who concentrate on finding permanent homes for children who cannot return to their family.
- Provide \$549 thousand, including \$383 thousand state general fund, for 6.00 FTE new local child protective services workers to facilitate family group conferences to promote placement of children with their extended family and to investigate referrals of abuse and neglect.
- Provide \$150 thousand, including \$120 thousand state general fund, for support services for adoptive and foster families to help preserve placement of children.
- Request \$100 thousand federal foster care funds each year of the biennium to promote and enable access and visitation to children by their non-custodial parents.
- Provide \$549 thousand, including \$321 thousand state general fund, for a rate increase of 1% annually for foster care providers.
- Provide \$5.7 million federal TANF block grant funds for foster care services previously funded by general fund.

04 Director's Office  
Laurie Ekanger x5622

**Program Description -** The Director's Office is responsible for providing over all agency direction for policy development, for coordinating the various human services programs administered by the department and for providing guidance to the divisions and employees to enhance their capabilities in performing their duties and responsibilities. These responsibilities are accomplished by providing high quality services and leadership and by promoting a quality work environment. The Director's Office includes the office of legal affairs; personnel services; public information; state and local relations; and the Montana Telecommunications Access Program. The Board of Health and Human Services Appeals and the PHHS Statewide Advisory Council are also attached to the Director's Office.

**Statutory References:** Administrative organization for the department is established in 2-15-112, 2-15-2201, and 53-2-201, MCA.

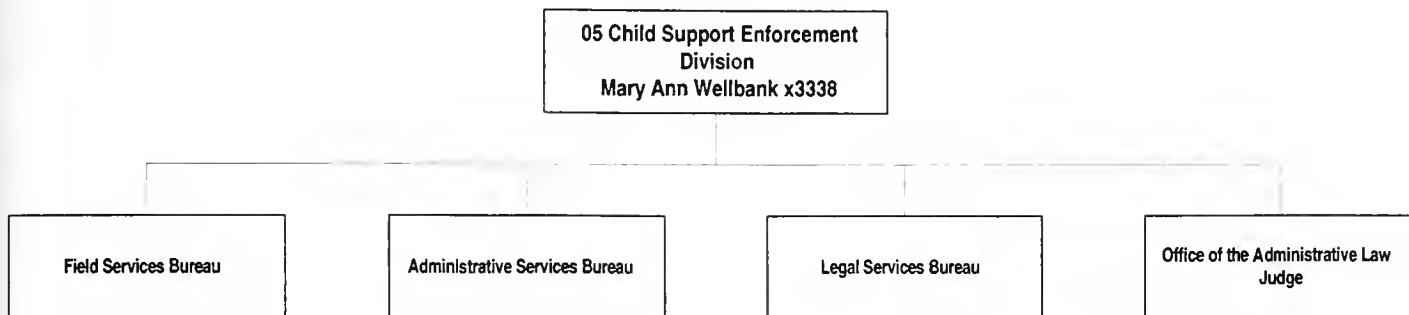
**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
MTAP Relay Service total minutes per year	273,158	299,695	338,818	372,700	409,970	450,967

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	29.50	.00	2.00	31.50	.00	2.00	31.50
Personal Services	1,142,281	82,342	61,141	1,285,764	74,686	60,726	1,277,693
Operating Expenses	809,332	115,589	69,000	993,921	122,188	66,500	998,020
Debt Service	7,489	14,333	4,000	25,822	17,094	1,500	26,083
<b>Total Costs</b>	<b>\$1,959,102</b>	<b>\$212,264</b>	<b>\$134,141</b>	<b>\$2,305,507</b>	<b>\$213,968</b>	<b>\$128,726</b>	<b>\$2,301,796</b>
General Fund	610,492	15,341	26,787	652,620	14,378	25,089	649,959
State/Other Special	792,618	113,750	90,623	996,991	117,669	87,966	998,253
Federal Special	555,992	83,173	16,731	655,896	81,921	15,671	653,584
<b>Total Funds</b>	<b>\$1,959,102</b>	<b>\$212,264</b>	<b>\$134,141</b>	<b>\$2,305,507</b>	<b>\$213,968</b>	<b>\$128,726</b>	<b>\$2,301,796</b>

**New Proposals -**

- Provide \$85 thousand, including \$52 thousand state general fund, to expand the current legal council half-time employee position to a full time FTE for representation of the State of Montana in re-commitment proceedings for patients of the Montana State Hospital (MSP) and the Montana Mental Health Nursing Care Center (MMHNCC).
- Provide \$46 thousand from telephone user fees for 1.00 FTE to assist with daily functions of the Montana Telecommunications Access Program (MTAP) office and to process request applications for Telephone Device for the Deaf (TDD) and hearing-impaired equipment.



**Program Description -** The purpose of the Child Support Enforcement Division (CSED) is to diligently pursue and ultimately achieve financial and medical support of children by establishing, enforcing, and increasing public awareness of parental obligations. CSED is responsible for establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locate absent parents, identify assets, establish paternity, and ensure that obligated parents maintain medical health insurance coverage for their dependent children.

**Statutory References:** Title 40, Chapter 5, part 2, MCA, and federal mandates IV-D of the 1988 Social Security Act, and 45 CFR, Chapter 3.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Percent of cases in enforcement	59%	68%	72%	75%	75%	75%

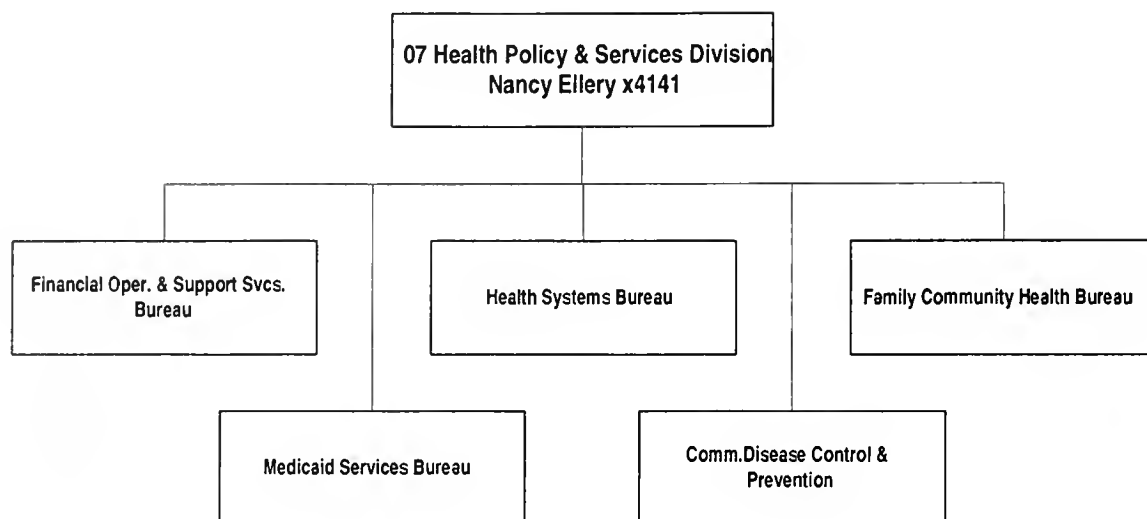
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	185.75	13.00	.00	198.75	13.00	.00	198.75
Personal Services	5,921,854	825,262	0	6,747,116	774,544	0	6,696,398
Operating Expenses	2,965,692	(47,318)	30,000	2,948,374	(68,551)	30,000	2,927,141
Equipment	32,705	0	0	32,705	0	0	32,705
Local Assistance	3,299	0	0	3,299	0	0	3,299
Debt Service	341	38,665	0	39,006	205,875	0	206,216
<b>Total Costs</b>	<b>\$8,923,891</b>	<b>\$816,609</b>	<b>\$30,000</b>	<b>\$9,770,500</b>	<b>\$911,868</b>	<b>\$30,000</b>	<b>\$9,865,759</b>
General Fund	0	0	242,367	242,367	0	254,379	254,379
State/Other Special	3,004,681	191,211	(232,167)	2,963,725	210,485	(244,179)	2,970,987
Federal Special	5,919,210	625,398	19,800	6,564,408	701,383	19,800	6,640,393
<b>Total Funds</b>	<b>\$8,923,891</b>	<b>\$816,609</b>	<b>\$30,000</b>	<b>\$9,770,500</b>	<b>\$911,868</b>	<b>\$30,000</b>	<b>\$9,865,759</b>

**Significant Present Law Adjustments -**

- Authorize \$860 thousand for 13.00 FTE to continue providing services for new hire reporting, establishment of medical support orders, reimbursement of foster care costs, paternity establishment, and administrative hearings.

**New Proposals -**

- Provide \$497 thousand state general fund partially offsetting the loss of the state's share of collections for child support enforcement previously generated through collections of child support for welfare recipients.



**Program Description -** The division is responsible for the development and implementation of health programs that improve the health and safety of Montanans. The division provides or contracts for a wide range of services that include primary and acute care Medicaid services and public health services.

**Statutory References:** Medicaid is authorized under Title 53, Chapter 6, MCA, and Title XIX of the Social Security Act; public health services, Title 50, MCA.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of Medicaid Recipients enrolled in HMO program	288	1,592	2,018	2,119	2,225	2,447
Number of clients served by WIC Program	21,305	21,680	21,428	21,642	21,858	22,076
Net Food Costs for WIC	\$ 7,554,245	\$ 7,814,112	\$ 7,659,667	\$7,661,291	\$ 7,737,904	\$ 7,815,283

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	133.47	2.00	8.75	144.22	2.00	10.00	145.47
Personal Services	5,214,649	237,527	173,419	5,625,595	197,939	172,220	5,584,808
Operating Expenses	10,430,149	861,027	2,243,019	13,534,195	873,905	2,349,043	13,653,097
Equipment	237,532	8,000	22,200	267,732	0	4,000	241,532
Grants	6,510,191	0	327,182	6,837,373	0	329,004	6,839,195
Benefits & Claims	183,174,481	13,723,541	2,343,031	199,241,053	21,633,220	3,664,111	208,471,812
Debt Service	796	0	0	796	0	0	796
<b>Total Costs</b>	<b>\$205,567,798</b>	<b>\$14,830,095</b>	<b>\$5,108,851</b>	<b>\$225,506,744</b>	<b>\$22,705,064</b>	<b>\$6,518,378</b>	<b>\$234,791,240</b>
General Fund	44,225,101	(344,305)	1,003,489	44,884,285	25,637	1,439,019	45,689,757
State/Other Special	9,584,638	112,139	287,710	9,984,487	307,102	287,710	10,179,450
Federal Special	151,758,059	15,062,261	3,817,652	170,637,972	22,372,325	4,791,649	178,922,033
<b>Total Funds</b>	<b>\$205,567,798</b>	<b>\$14,830,095</b>	<b>\$5,108,851</b>	<b>\$225,506,744</b>	<b>\$22,705,064</b>	<b>\$6,518,378</b>	<b>\$234,791,240</b>

**Significant Present Law Adjustments -**

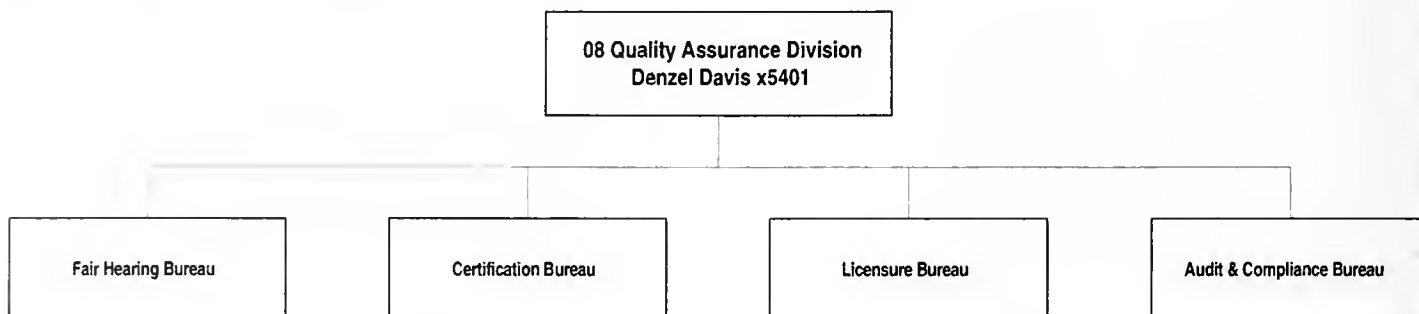
- Provide approximately \$8.6 million, including \$6.1 million state general fund, for the Medicaid primary care services increased caseload.
- Support the increased caseload for the Medicaid Indian Health Services with approximately \$9.1 million additional federal funds.
- Add \$4.3 million, including \$1.2 million state general fund, for increased premium costs for the Medicare Buy-In Program to pay Medicare premiums for indigent eligibles.
- Expand tobacco use prevention activities directed toward youth, Native Americans and women of childbearing age using \$1 million federal Centers for Disease Control funds and request 2.00 FTE.
- Provide \$600 thousand federal funds to address unmet needs of Montanans with HIV/AIDS.
- Provide a savings to the Medicaid program of \$154 thousand, including \$20 thousand, state general fund through the recovery of costs on outpatient drugs from rebate agreements with manufacturers.
- Provide \$49 thousand, including \$25 thousand state general fund, for an increase in the ongoing contract to perform administrative duties for the PASSPORT and HMO Medicaid managed care programs.

**New Proposals -**

- Provide \$596 thousand from food establishment license fees and \$21 thousand state general fund for aid to local health departments to enhance the food safety programs. Related legislation changes the license fee structure for food establishments.
- Approve \$254 thousand federal grant funds from the Centers for Disease Control to conduct food borne illness surveillance.
- Provide \$317 thousand state general fund, to continue HIV medication and case management services to current clients plus six new patients per year.
- Continue \$371 thousand federal funds for the abstinence education project started in fiscal year 1998 through a budget amendment.
- Add \$77 thousand federal funds and 1.00 FTE for chronic disease epidemiology and data analysis services.
- Expand the Montana Diabetes Project by \$589 thousand federal Centers for Disease Control funds to support the work of local health care providers, assist community efforts, and raise public awareness of the seriousness of this disease.
- Provide \$129 thousand, including \$91 thousand state general fund, to initiate service quality and provider networks adequacy monitoring for managed care plans operating in Montana. The information will be used to inform consumers and give feedback to providers.
- Enhance the state trauma system by adding 1.00 FTE to assist with developing and implementing protocols for pre-hospital care, inter-facility transfers, and trauma team activation using \$478 thousand federal Centers for Disease Control funds.
- Utilize \$266 thousand federal EMS Data Injury funds to increase local Emergency Medical Services units funding for ongoing support, training, and assistance.
- Provide \$3.8 million, including \$1.1 million state general fund, for a 1% increase to private providers of Medicaid services.
- Re-base rates of reimbursement for inpatient hospital services at a total cost of \$2.7 million, including \$734 thousand state general fund, to account for changes in medical practice and hospital costs that have occurred over the last three years.
- Generate a Medicaid savings of \$415 thousand, including \$95 thousand state general fund, by providing outpatient services in a lower cost setting. This requires 1.00 FTE to develop and operate the Ambulatory Surgical Centers program.
- Use \$1.5 million federal funds for a departmental project to continue integrating the various public health systems at the county and state levels to enhance efficiency and eliminate duplication of effort of public health staffs.
- Provide \$92 thousand state general fund for additional fees and costs associated with research and analysis, community planning efforts, and contested case hearings for the department's Certificate of Need program. CON is mandated by Title 50 MCA.
- Provide \$59 thousand, including \$29 state general fund, for 1.00 FTE to continue the department's efforts to maximize the savings to the Medicaid program through the collection of drug rebates.
- Contract with MSU for student/resident community health preceptorships in medically underserved, community-oriented primary care areas using \$232 thousand federal funds.

- Allocate \$100 thousand general fund each year as match for the Caring Program for Children.
- Provide \$300 thousand federal grant funds to implement a state mortality and morbidity review support program to improve the health of women, infants, and children.

## QUALITY ASSURANCE DIVISION



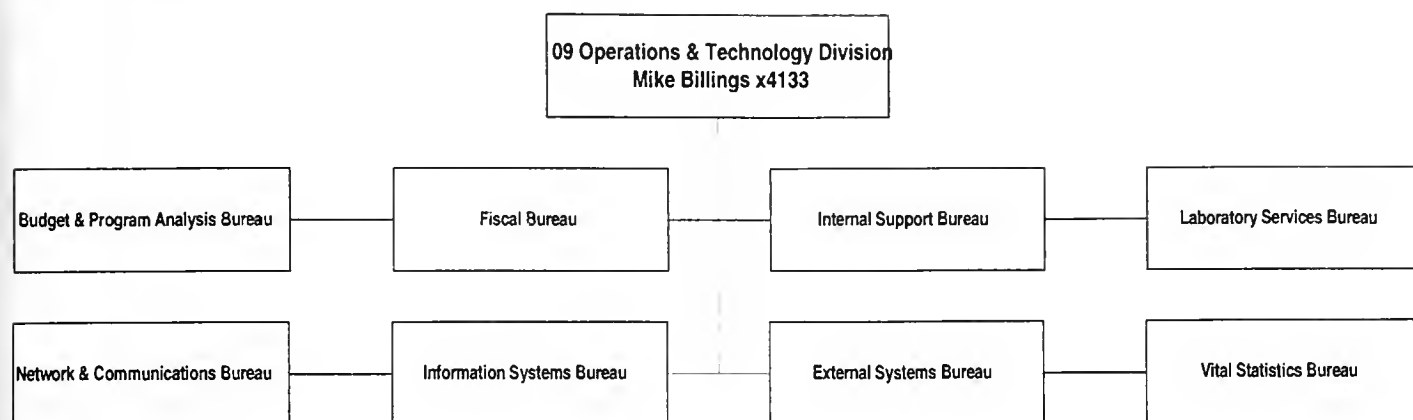
**Program Description -** The Quality Assurance Division provides a comprehensive and coordinated quality assurance program and evaluates services provided by the PHHS to the citizens of Montana. Functions include fair hearings, facility management, contract and financial audits, ongoing reviews to monitor the appropriate use of the Medicaid Program by both recipients and providers, estate recovery and cost avoidance recovery, fraud recovery, quality control samples for compliance with federal and state eligibility rules, performance measures and bench marking, certification of health care facilities and clinical laboratories, and inspection and licensure of health care providers and other facilities or services licenses issued by the department.

Statutory References: 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C; Title 50, Chapter 5, parts 1 and 2, MCA; Title 50, Chapter 5, part 11, MCA; Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L. 102-539 (10-27-92); Title 52, Chapter 2, part 7, MCA.

### Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
State Health Care Licensure Visits	338	305	425	451	407	468
Medicaid Overpayment Recoveries	\$51,208,083	\$53,220,902	\$55,418,438	\$56,181,164	\$56,995,222	\$57,809,983

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	107.00	.00	.00	107.00	.00	.00	107.00
Personal Services	3,794,643	288,686	0	4,083,329	262,929	0	4,057,572
Operating Expenses	1,328,307	43,118	0	1,371,425	59,820	0	1,388,127
Equipment	6,472	0	0	6,472	0	0	6,472
<b>Total Costs</b>	<b>\$5,129,422</b>	<b>\$331,804</b>	<b>\$0</b>	<b>\$5,461,226</b>	<b>\$322,749</b>	<b>\$0</b>	<b>\$5,452,171</b>
General Fund	1,238,141	35,423	0	1,273,564	29,449	0	1,267,590
State/Other Special	373,658	35,192	0	408,850	42,019	0	415,677
Federal Special	3,517,623	261,189	0	3,778,812	251,281	0	3,768,904
<b>Total Funds</b>	<b>\$5,129,422</b>	<b>\$331,804</b>	<b>\$0</b>	<b>\$5,461,226</b>	<b>\$322,749</b>	<b>\$0</b>	<b>\$5,452,171</b>



**Program Description -** The purpose of the Operations and Technology Division is to provide a full spectrum of operational support services for the department, and to promote and maintain enhanced, state-of-the art technology platforms for provision and support of PHS programs. The division is responsible for preparation and overall management of the executive budget and budget planning, and financial and accounting services. Contracts are managed for the following four large computer systems: The Economic Assistance Management System (TEAMS), the System for Enforcement and Recovery of Child Support (SEARCHS), the Montana Medicaid Information System (MMIS), and the Child & Adult Protective Services (CAPS). Internally developed and operated automated computer systems, telecommunications, security, and internal support services (such as purchasing, leasing, and mail room) are also provided. Other operations include vital records and statistics, chemistry laboratory services, and cost projections for benefit programs such as Medicaid.

Statutory References: Title 17 and Title 40, MCA; and Title IV of the Social Security Act, Section 406, PL 96-265.

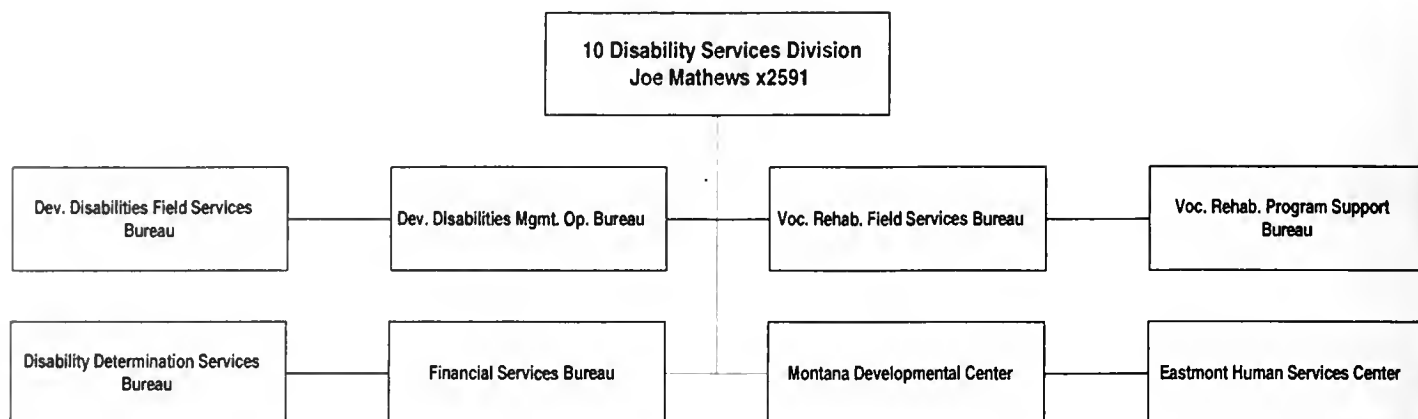
**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Vital Statistics Requests for Issuance Services	10,688	9,396	8,799	8,281	7,685	7,148
Information Systems Work Orders Completed	240	279	158	150	200	250

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	134.00	.00	7.00	141.00	.00	7.00	141.00
Personal Services	4,429,664	342,813	170,976	4,943,453	312,794	169,846	4,912,304
Operating Expenses	19,098,977	1,441,124	308,376	20,848,477	1,465,493	242,032	20,806,502
Equipment	234,217	0	12,000	246,217	0	0	234,217
Debt Service	506,754	53,000	0	559,754	51,800	0	558,554
<b>Total Costs</b>	<b>\$24,269,612</b>	<b>\$1,836,937</b>	<b>\$491,352</b>	<b>\$26,597,901</b>	<b>\$1,830,087</b>	<b>\$411,878</b>	<b>\$26,511,577</b>
General Fund	9,679,962	557,486	166,433	10,403,881	613,165	140,133	10,433,260
State/Other Special	1,871,666	438,764	63,997	2,374,427	409,832	51,268	2,332,766
Federal Special	12,717,984	840,687	260,922	13,819,593	807,090	220,477	13,745,551
<b>Total Funds</b>	<b>\$24,269,612</b>	<b>\$1,836,937</b>	<b>\$491,352</b>	<b>\$26,597,901</b>	<b>\$1,830,087</b>	<b>\$411,878</b>	<b>\$26,511,577</b>

**New Proposals -**

- Provide \$234 thousand total funds, including \$80 state general fund, to continue replacing declining child support state special revenue used to support the cost of operation for the child support enforcement computer system SEARCHS.



**Program Description -** Provides or contracts for a wide variety of services such as institutional care, residential services, home-based services to families, case management and a variety of employment outcome related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, rehabilitation training to the blind, independent living services, medical services, job placement and supported employment. Disability services also has responsibility for medical adjudication of all claims for Social Security Disability and Supplemental Security Income. In addition, the Developmental Disabilities Advisory Council (DDPAC) is attached to this division for administrative purposes.

**Statutory References:** The five sub-programs within the Disability Services Division and their statutory references are: Developmental Disabilities- 29 U.S.C. 721, et seq. and 53-2-201, MCA; Vocational Rehabilitation- 29 U.S.C. 721, et seq., 29 U.S.C. 774, 29 U.S.C. 795 et seq., 53-2-11-1, MCA; Eastmont Human Services Center- 53-20-502, MCA; Montana Developmental Center- 53-20-501, MCA; Disability Determination Services- Title XX and XVI of the Social Security Act 42 U.S.C. Section 1300; Developmental Disabilities Planning and Advisory Council- 53-20-26 and 2-15-2204, MCA.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Vocational Rehabilitation number rehabilitated	917	839	936	936	963	974
Vocational Rehabilitation percentage severely disabled	66.0%	69.7%	74.2%	75.0%	76.0%	77.0%
Developmental Disabilities waiting for services and receiving no other DDP services	452	407	412	404	106	136
Developmental Disabilities waiting for additional services and receiving some DDP	657	627	597	590	740	740



**PUBLIC HEALTH & HUMAN SERVICES  
DISABILITY SERVICES DIVISION**

**6901  
10**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	640.98	.00	(3.00)	637.98	.00	(32.60)	608.38
Personal Services	20,396,136	847,463	(8,375)	21,235,224	724,317	(661,851)	20,458,602
Operating Expenses	4,592,413	237,078	57,963	4,887,454	376,912	59,166	5,028,491
Equipment	113,707	25,920	0	139,627	19,000	0	132,707
Grants	36,075	0	0	36,075	0	0	36,075
Benefits & Claims	57,313,877	1,927,809	10,595,394	69,837,080	1,935,547	15,382,254	74,631,678
Debt Service	55,796	0	0	55,796	0	0	55,796
<b>Total Costs</b>	<b>\$82,508,004</b>	<b>\$3,038,270</b>	<b>\$10,644,982</b>	<b>\$96,191,256</b>	<b>\$3,055,776</b>	<b>\$14,779,569</b>	<b>\$100,343,349</b>
General Fund	39,474,390	750,383	604,050	40,828,823	476,784	1,103,380	41,054,554
State/Other Special	62,503	10,188	0	72,691	10,051	0	72,554
Federal Special	42,971,111	2,277,699	10,040,932	55,289,742	2,568,941	13,676,189	59,216,241
<b>Total Funds</b>	<b>\$82,508,004</b>	<b>\$3,038,270</b>	<b>\$10,644,982</b>	<b>\$96,191,256</b>	<b>\$3,055,776</b>	<b>\$14,779,569</b>	<b>\$100,343,349</b>

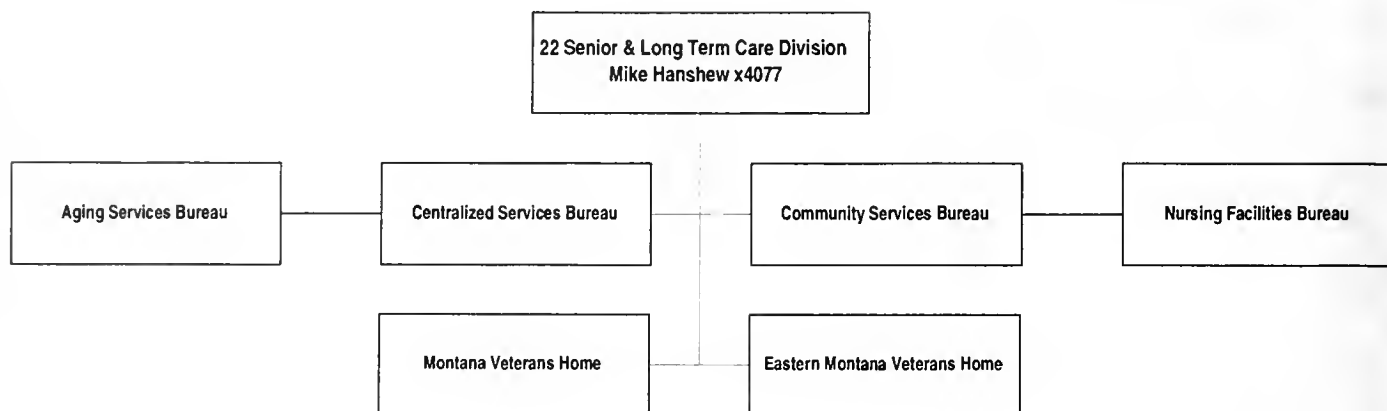
**Significant Present Law Adjustments -**

- Provide \$3.8 million, including \$1.9 million state general fund, to annualize provider rate increases, a tuition increase for individuals with disabilities, and an increase in community services authorized by the 1997 Legislature.

**New Proposals -**

- Provide \$1.7 million, including \$915 thousand state general fund, for a 1% increase each year to the private providers of vocational rehabilitation and developmental disability services.
- Provide \$398 thousand, including \$85 thousand state general fund, for a 4% increase to offset tuition increases and maintain current level of services to individuals with disabilities attending postsecondary schools in Montana to assist them in returning to work.
- Provide for an \$18.2 million increase in federal Medicaid funds by matching existing program general funds in order to: 1) provide services to 325 individuals with disabilities in the community who are on the waiting list; 2) provide services to 32 individuals residing at Montana Developmental Center and Eastmont Human Services who are waiting for community services and to 25 individuals with similar needs from the community waiting list; and 3) to strengthen the infrastructure of existing transportation services.
- Provide \$485 thousand, including \$103 thousand state general fund, for 2.00 FTE additional field staff in Vocational Rehabilitation to mitigate the case load increases experienced in the Helena and Billings area and additional services to help individuals with disabilities return to work.
- Provide \$174 thousand, including \$98 thousand state general fund, for services to individuals with developmental disabilities or their families to assist them in emergency or crisis situations.
- Provide \$883 thousand, including \$447 thousand state general fund, over the biennium for a 1% increase per year for direct care staff salaries of the private providers serving individuals with developmental disabilities.
- Provide \$58 thousand state general fund to screen and assist individuals with disabilities or the elderly in using donated dental services.

**Language Recommendations -** The following language is recommended for HB2: "The disability services division is authorized to pursue federal funding to enhance and improve services to persons with developmental disabilities. These additional federal funds may be expended by the division for services as long as those actions do not require or commit the state to additional general fund expenditures beyond the amount appropriated for the 2001 biennium by the legislature for the developmental disabilities community."



**Program Description -** The Senior and Long-Term Care Division (SLTCD) plans, administers and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through five major programs: 1) The Office on Aging provides meals, transportation, public education, information and assistance and other services through eleven regional Area Agencies on Aging; 2) The Medicaid Community Services Program pays for in-home, assisted living and other community-based services to Medicaid eligible individuals as an alternative to nursing home care; 3) The Medicaid Nursing Facility Program pays for care to Medicaid eligible individuals in Montana's 98 nursing homes; 4) Skilled nursing facility care is provided to veterans at the 90-bed Montana Veteran's Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veteran's Home (EMVH) in Glendive. MVH also operates a 40-bed domiciliary care unit for veterans. 5) The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

**Statutory References:** Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments program Social Security Act); Veteran's Homes, 10-2-401 (authorizes and establishes Montana Veteran's Homes), 53-1-202 (Eastern Montana Veteran's Home), Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Persons receiving personal care services	2,641	2,789	2,643	2,893	3,006	3,227
Persons receiving home health services	1,353	1,272	1,009	1,091	1,197	1,398
Persons receiving hospice services	71	80	70	84	99	118
Persons receiving nursing home services	5,594	5,489	5,250	5,274	5,362	5,400

**PUBLIC HEALTH & HUMAN SERVICES  
SENIOR & LONG-TERM CARE SVCS**

**6901  
22**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	125.19	.00	6.35	131.54	.00	8.35	133.54
Personal Services	3,858,046	199,985	203,324	4,261,355	173,680	265,179	4,296,905
Operating Expenses	2,079,856	153,417	1,145,266	3,378,539	168,328	1,173,837	3,422,021
Equipment	98,986	(31,500)	18,378	85,864	(31,500)	(13,899)	53,587
Grants	5,401,814	(67,079)	54,178	5,388,913	(67,079)	108,897	5,443,632
Benefits & Claims	136,913,663	6,351,810	3,314,325	146,579,798	9,205,686	6,226,029	152,345,378
Debt Service	2,699	0	0	2,699	0	0	2,699
<b>Total Costs</b>	<b>\$148,355,064</b>	<b>\$6,606,633</b>	<b>\$4,735,471</b>	<b>\$159,697,168</b>	<b>\$9,449,115</b>	<b>\$7,760,043</b>	<b>\$165,564,222</b>
General Fund	39,844,384	(496,476)	1,021,165	40,369,073	(643,638)	1,939,392	41,140,138
State/Other Special	2,557,338	35,726	66,504	2,659,568	37,015	41,651	2,636,004
Federal Special	105,953,342	7,067,383	3,647,802	116,668,527	10,055,738	5,779,000	121,788,060
<b>Total Funds</b>	<b>\$148,355,064</b>	<b>\$6,606,633</b>	<b>\$4,735,471</b>	<b>\$159,697,168</b>	<b>\$9,449,115</b>	<b>\$7,760,043</b>	<b>\$165,564,222</b>

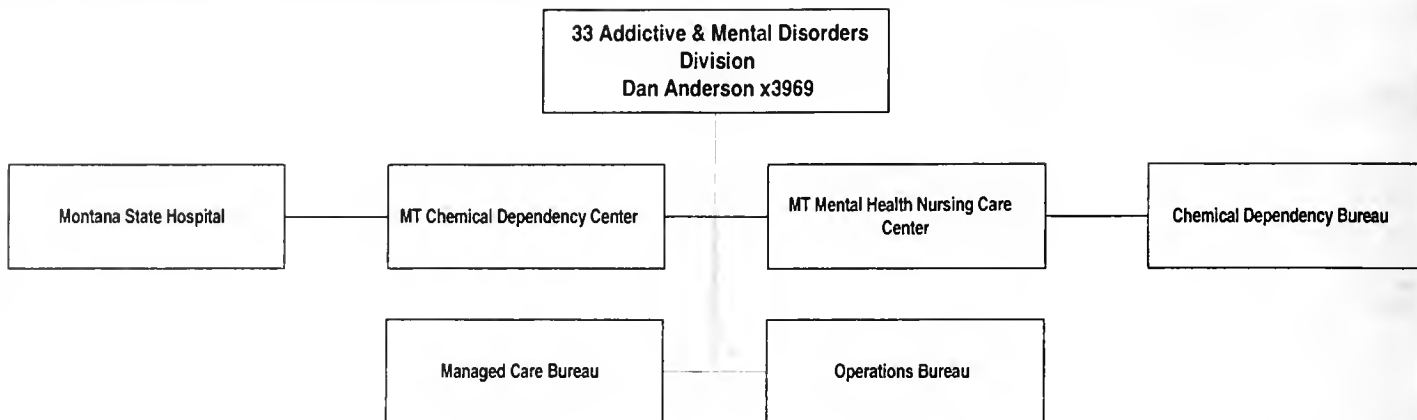
**Significant Present Law Adjustments -**

- Provide \$5.7 million, including \$1.6 million state general fund, for expansions of the Medicaid Home and Community Based Service Waiver program.
- Increase \$4.7 million, including \$1.5 million state general fund, for an estimated caseload growth to the Medicaid nursing home program of less than 1% in each year of the biennium.
- Add \$5.3 million, including \$1.5 million state general fund, for caseload growth to the Medicaid community services program of 6% in FY2000 and 9% in FY2001.
- Authorize \$313 thousand from cigarette tax funds for increased operating costs at the Montana Veteran's Home.
- Provide \$141 thousand federal Medicaid funds for estimated caseload growth at the state institutions.

**New Proposals -**

- Request \$5.3 million, including \$1.1 million state general fund, for increased Medicaid services to 150 clients receiving in-home assisted living, and other community based services, and for increases to the Medicaid Home and Community-Based Services Waiver program. Area Agency on Aging general fund provides a portion of the match for services under the waiver program.
- Authorize \$4.2 million, including \$1.3 million state general fund, for a 1% increase each year to private providers of Medicaid nursing homes services, community-based services to the aging, waiver services, and other aging services.
- Add \$806 thousand, including \$641 thousand state general fund, for 6.00 FTE additional Adult Protective Services Staff and related contract costs.
- Use \$73 thousand from cigarette tax funds for a direct care staff person to assist and supervise veterans living in the domiciliary unit at the Montana Veterans Home.
- Provide \$ 2.1 million from federal Veterans Administration reimbursements for the Eastern Montana Veterans' Home to comply with a legislative auditor recommendation that these funds be budgeted expenditures.

**Language Recommendations -** The following language is recommended for HB2: "The department may collect lien and estate recoveries in excess of \$600,000 in each year of the biennium. The initial \$600,000 in total funds collected in each year, net of collection fees, will be distributed at the FMAP rate to the general fund and respective federal special revenue fund. In keeping with previous biennia, the total funds collected in excess of the first \$600,000, less collections fees, up to a maximum of \$1 million per year, is appropriated to the department to increase and enhance community and nursing home services administered by the senior and long-term care division."



**Program Description -** The Mission of the Addictive and Mental Disorders Division (AMDD) is to implement and improve appropriate statewide systems of prevention, treatment, care and rehabilitation for addictive and mental disorders. To meet these statutory charges, AMDD is responsible for providing alcohol and drug prevention, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient and prevention services are provided through contracts with community-based programs around the state.

Mental health services, through the Mental Health Access Plan (MHAP), are provided for by contracting with a mental health managed care organization, Montana Community Partners, Inc. (MCP). MCP contracts throughout Montana for inpatient and outpatient services. Montana State Hospital (MSH) at Warm Springs (230 beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (168 beds) contract with the managed care organization to provide services to individuals needing these more intensive levels of care. Both facilities continue to serve individuals who are not the responsibility of the managed care program.

**Statutory References:** Title 53, Chapter 21, part 1, MCA, (process for admission to state mental health facilities; rights of people with mental illness; and treatment obligations in state facilities); part 2 (community mental health centers); part 4 (role and mission of the Montana Mental Health Nursing Care Center); part 5 (restricts admission of minors to Montana State Hospital); part 6 (role and mission of Montana State Hospital and definition of Montana Chemical Dependency Center); P.L.102-321 (federal requirements for funds and mental health planning); Title 53, Chapter 24, parts 2 and 3, MCA, (alcohol and other drug abuse services and departmental duties); 61-8-732, MCA, (penalty for driving under the influence of alcohol or drug programs approved by the department); Title XIX, part C, (administration and regulations of the Substance Abuse Prevention and Treatment (SAPT) Block Grant).

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested Y2000	Requested Y2001
Chemical Dependency Program unduplicated number of people served	5,502	5,536	5,585	5,641	5,697	5,754

**PUBLIC HEALTH & HUMAN SERVICES  
ADDICTIVE & MENTAL DISORDERS**

**6901  
33**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	647.42	(100.00)	5.25	552.67	(100.00)	5.00	552.42
Personal Services	21,255,588	(1,751,157)	161,858	19,666,289	(1,881,459)	160,748	19,534,877
Operating Expenses	6,789,403	(594,006)	2,886,862	9,082,259	(594,169)	2,888,539	9,083,773
Equipment	308,910	(158,260)	0	150,650	(158,260)	0	150,650
Local Assistance	3	0	0	3	0	0	3
Grants	3,752,236	307,858	1,610	4,061,704	308,329	3,236	4,063,801
Benefits & Claims	73,335,695	2,261,082	549,784	76,146,561	5,743,805	952,880	80,032,380
Debt Service	109,771	0	0	109,771	0	0	109,771
<b>Total Costs</b>	<b>\$105,551,606</b>	<b>\$65,517</b>	<b>\$3,600,114</b>	<b>\$109,217,237</b>	<b>\$3,418,246</b>	<b>\$4,005,403</b>	<b>\$112,975,255</b>
General Fund	44,888,301	518,181	498,250	45,904,732	1,422,964	802,680	47,113,945
State/Other Special	21,487,273	(3,081,931)	101,342	18,506,684	(3,530,331)	201,376	18,158,318
Federal Special	39,176,032	2,629,267	3,000,522	44,805,821	5,525,613	3,001,347	47,702,992
<b>Total Funds</b>	<b>\$105,551,606</b>	<b>\$65,517</b>	<b>\$3,600,114</b>	<b>\$109,217,237</b>	<b>\$3,418,246</b>	<b>\$4,005,403</b>	<b>\$112,975,255</b>

**Significant Present Law Adjustments -**

- Annualize the increase appropriated by the 1997 Legislature for the Mental Health Access Plan contract for services to non-Medicaid mentally ill members of the plan at a cost of \$970 thousand state general fund.
- Reduce \$7.6 million from state hospital reimbursement revenue, add \$137 thousand state general fund, and reduce 100.0 FTE due to the reduction in the number of clients at the Montana State Hospital.
- Provide \$263 thousand in reimbursements from the MHAP contractor, (and an accompanying reduction to the state general fund of \$13 thousand) for patient care due to increases in the number of clients at the Montana Mental Health Nursing Care Center.
- Add \$1.3 million, including \$363 thousand state general fund, for overtime, differential pay and holiday pay at the Montana State Hospital and the Montana Mental Health Nursing Care Center.
- Provide \$7 million, including \$1.9 million state general fund, for the Mental Health Access Plan capitated fund to reflect new capitation rates and a slight increase in eligibles based on the most current Medicaid paid claims information.
- Provide \$358 thousand, including \$179 thousand state general fund, for increased technical and professional assistance with managed care issues.

**New Proposals -**

- Provide \$550 thousand state general fund for new community-based alcohol and drug treatment services for adolescents of families within 200% of poverty.
- Budget \$753 thousand state general fund for rate increases of 1% annually to chemical dependency providers, screening services for mental illness for nursing facility residents and applicants, and the MHAP fixed fund.
- Provide \$6.0 million federal Center for Substance Abuse Prevention funds and 4.00 FTE to continue the substance abuse prevention grant to assist communities to develop effective, broad-based primary prevention programs for substance abuse among Montana youth.
- Apply \$300 thousand state special revenue funds generated by gambling taxes and 1.00 FTE to establish a pathological gambling treatment and prevention program.





# NATURAL RESOURCES AND COMMERCE

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Fish, Wildlife & Parks  
Environmental Quality  
Livestock

Natural Resources & Conservation  
Agriculture  
Commerce

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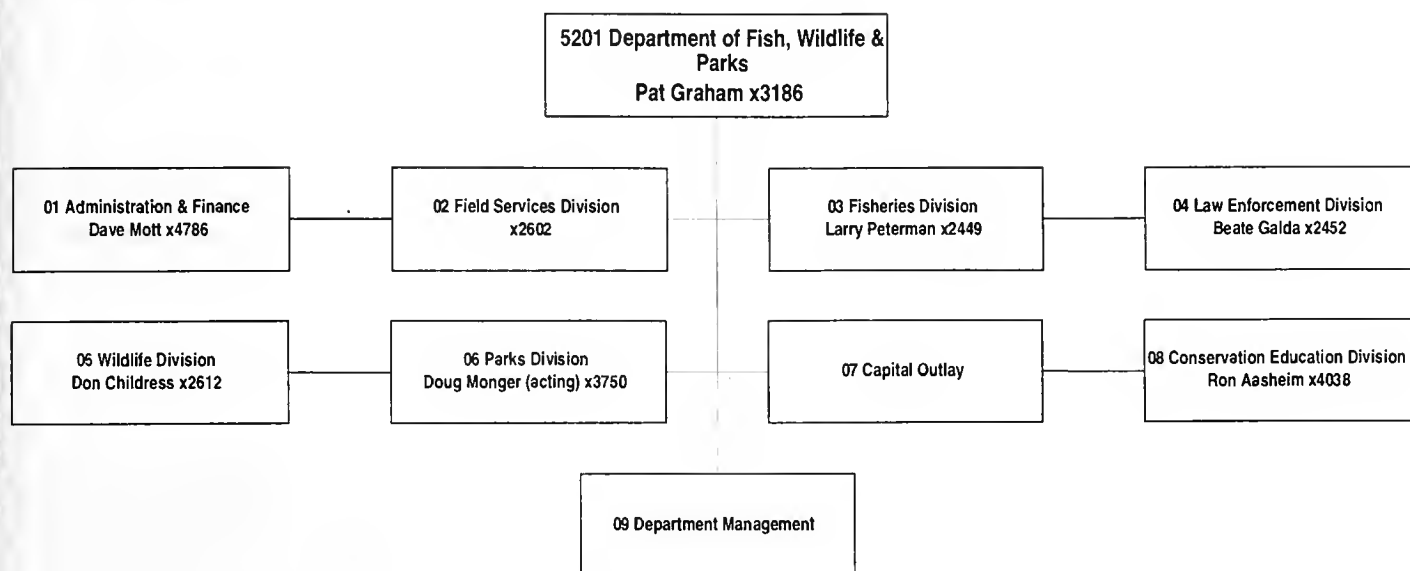
OBPP Staff\*

Shirley Moore x4588  
Doug Schmitz x1207

*\*See Reference page 1 for specific staff assignments*







**Mission Statement** - Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana while contributing to the quality of life for present and future generations.

**Statutory Authority** - Title 87 and 23, MCA.

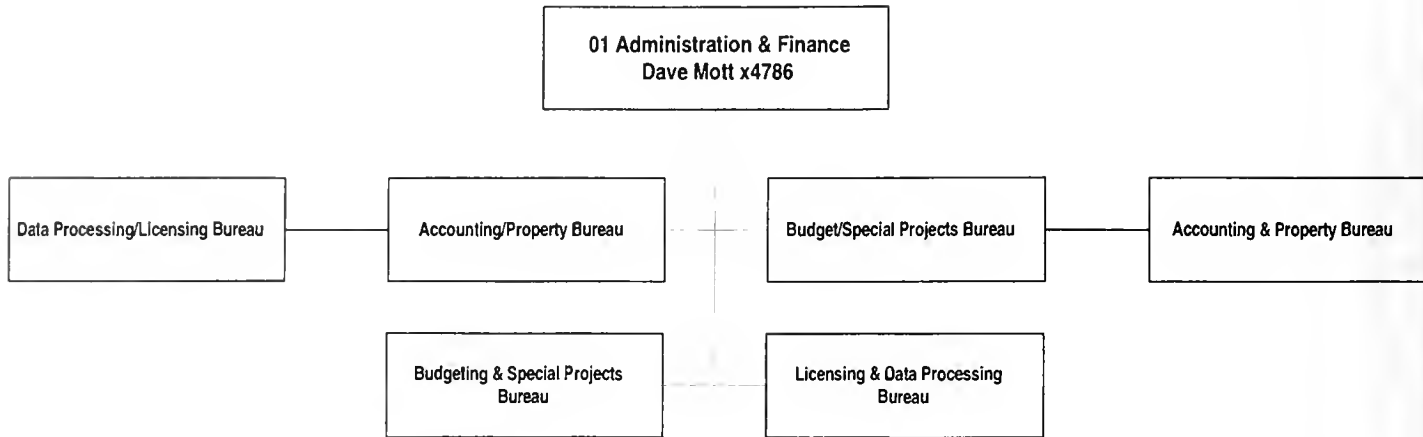
#### Executive Budget Recommendation -

- Develop and operate automated licensing system
- Develop a surveillance program for chronic wasting disease
- Preserve state parks by expanding maintenance programs
- Commemorate the 100-year anniversary of Fish, Wildlife and Parks
- Contribute to the statewide cad astral database project

**Language** - The following language is recommended for HB2:

"If the department receives additional federal special revenue for services comparable to those approved with general license revenue, the approving authority shall decrease the state special revenue appropriation by the amount of federal money received and establish the federal funds appropriation."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	552.01	1.95	.50	554.46	1.95	.50	554.46
Personal Services	20,024,762	570,324	11,512	20,606,598	472,627	11,444	20,508,833
Operating Expenses	16,540,740	5,074,368	1,009,330	22,624,438	599,824	364,048	17,504,612
Equipment	507,774	382,465	93,000	983,239	1,965	0	509,739
Grants	930,748	548,304	0	1,479,052	515,292	0	1,446,040
Benefits & Claims	4,133	0	0	4,133	0	0	4,133
Transfers	0	2,346,519	0	2,346,519	2,346,519	0	2,346,519
Debt Service	6,828	(6,828)	0	0	(6,828)	0	0
<b>Total Costs</b>	<b>\$38,014,985</b>	<b>\$8,915,152</b>	<b>\$1,113,842</b>	<b>\$48,043,979</b>	<b>\$3,929,399</b>	<b>\$375,492</b>	<b>\$42,319,876</b>
General Fund	398,213	20,825	0	419,038	16,114	0	414,327
State/Other Special	29,048,689	3,486,867	850,909	33,386,465	(48,727)	99,892	29,099,854
Federal Special	8,568,083	5,407,460	262,933	14,238,476	3,962,012	275,600	12,805,695
<b>Total Funds</b>	<b>\$38,014,985</b>	<b>\$8,915,152</b>	<b>\$1,113,842</b>	<b>\$48,043,979</b>	<b>\$3,929,399</b>	<b>\$375,492</b>	<b>\$42,319,876</b>



**Program Description -** The Administration and Finance Division, in accordance with Title 17, Chapters 101, 102 and 105, MCA, provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. In addition, the Licensing and Data Processing Bureau provides information technology services to the agency and administers the sale of hunting, fishing, and other recreational licenses.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Estimated FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
License and Permit Sales	1,514,502	1,449,878	1,457,000	1,480,000	1,480,000	1,526,000

Program Proposed Budget									
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01	
FTE	49.57	.75	.00	50.32	.75	.00	50.32	50.32	
Personal Services	1,588,956	203,206	0	1,792,162	194,391	0	1,783,347	3,575,509	
Operating Expenses	2,227,169	3,199,031	658,000	6,084,200	534,934	0	2,762,103	8,846,303	
Equipment	18,905	0	93,000	111,905	0	0	18,905	130,810	
Transfers	0	50,000	0	50,000	50,000	0	50,000	100,000	
<b>Total Costs</b>	<b>\$3,835,030</b>	<b>\$3,452,237</b>	<b>\$751,000</b>	<b>\$8,038,267</b>	<b>\$779,325</b>	<b>\$0</b>	<b>\$4,614,355</b>	<b>\$12,652,622</b>	
State/Other Special	3,345,797	1,878,837	751,000	5,975,634	680,292	0	4,026,089	10,001,723	
Federal Special	489,233	1,573,400	0	2,062,633	99,033	0	588,266	2,650,899	
<b>Total Funds</b>	<b>\$3,835,030</b>	<b>\$3,452,237</b>	<b>\$751,000</b>	<b>\$8,038,267</b>	<b>\$779,325</b>	<b>\$0</b>	<b>\$4,614,355</b>	<b>\$12,652,622</b>	

**Significant Present Law Adjustments -**

\*Create new automated system for hunting and fishing licenses

**New Proposals -**

\*Integrate FWP budget allocation system with MT PRRIME and replace outdated computers

**Proprietary Rates**

**Program Description -**

**Duplicating Center**

The FWP duplicating center provides duplicating, bindery and reprographics services to department employees. With only 1.00 FTE, the duplicating center is unable to meet all the needs of the agency. If certain jobs are too large they are

taken to Publication and Graphics (P&G) to be completed. Also, if the demands for its services are too great, excess work is taken to P&G.

### **Equipment Enterprise Fund**

The FWP equipment enterprise fund provides a fleet of vehicles and aircraft to department employees. Direct costs of this program are accounted for in SBAS responsibility centers 1819 and 1848 for the vehicles and 2814 for the aircraft. The revenue users are FWP employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Monthly their individual responsibilities are charged based on the miles driven (hours flown) during the previous month.

### **Fish and Game Warehouse Inventory**

The department warehouse consists mainly of uniform inventory items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. FWP employees fill out an order form for items desired which are filled by the warehouse foreman. Monthly the employee projects are charged for the warehouse inventory the received during the month and the corresponding revenue also is also recorded. Direct costs of the program are accounted for in SBAS responsibility centers 1820 and 1846. Overhead costs are recovered by increasing the cost of inventory items by a fixed percentage.

### **Revenues and Expenses -Duplicating Center**

Expenses that need to be recovered in the rates are the personal services of the 1.00 FTE, operating expenses and the raw material needed for duplicating.

Rates have historically been adjusted based on the need to increase or decrease the cash balance in the account. Prior to charging legislatively- approved rates, a review of the cash balance is done. At FYE1998, the cash balance was \$14,444 which was a 67 day reserve based on FY1998 expenses.

**Working Capital** - The 60 day working capital requirement provides sufficient cash to fund on-going operation of this program. A cash balance in excess of the 60 day reserve occurred during FY1996-1998. In order to purchase a new image maker in FY1998. The cash balance will be further reduced with the purchase of a multi-folder in FY1999.

**Fund Equity** - A portion of the duplicating center fund balance has been reserved for equipment and raw materials inventory.

**Cash Flow** - Projects are billed monthly for the services provided during the previous month. The work load is fairly constant so there is little fluctuation in cash balances except when additional inventory is purchased.

### **Equipment Enterprise Fund**

#### **Revenues and Expenses**

The objective of the vehicle account is to recover through rates and annual auction revenues sufficient funds to cover administrative costs to operate the program (personal services and operations) in addition to being able to replace fleet vehicles at approximately 90,000 miles. A total of 2.06 FTE are funded in the vehicle enterprise.

**Working Capital** - As explained in the cash flow discussion below, the 60 day working capital requirement does not provide sufficient cash to fund on-going operations of the program. The FWP attempts to manage this account so that a 60 day working capital amount of cash is available when the cash balance is at its lowest level. The department attempts to ensure that fees are commensurate with costs over time. FWP does this in two ways. First, proposed rates for the next biennium take into consideration excess income or loss generated from previous periods. Second, prior to assigning new rates at the beginning of a fiscal year, the rates are recalculated based on actual information. The rates that are implemented are typically the lower of the legislatively-approved rates or the recalculated rates. In FY1999, the rates for 15 the of 16 classes of vehicles were lower than the legislatively- approved rates.

**Fund Equity** - Fund balance is reserved for the book value (original cost less accumulated depreciation) of FWP vehicles and aircraft.

**Cash Flow** - Divisions are billed monthly for the miles driven (hours flown) during the previous month. Cash balances fluctuate during the year for two reasons. The first is that monthly mileage is greater in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus cash balances are normally highest in December after the hunting season and lowest in March after purchasing the new vehicles. Fiscal year end balances tend to be significantly higher than March balances.

### Fish and Game Warehouse Inventory

#### Revenues and Expenses

The expenditures associated with the warehouse include miscellaneous office supplies for the warehouse foreman and inventory purchases needed to replenish existing stock. There are no FTE funded with this revenue source. The personal services are from the division current level budget.

**Working Capital** - The 60 day working capital requirement provides sufficient cash to fund on-going operations of this program. FWP attempts to ensure that fees are commensurate with costs over time. FWP does this in two ways. First, proposed rates for the next biennium take into consideration excess income or loss generated from previous periods. Also, prior to each new fiscal year the rate is recalculated based on actual information. The actual rate is typically the lower of the legislatively-approved rate or the recalculated rate.

**Fund Equity** - A portion of the program fund balance has been reserved for warehouse inventory.

**Cash Flow** - Projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year. Cash balances are lowest during the winter and highest during the summer when temporary and seasonal employees are brought on.

**Rate Explanation** -The rate methodology attempts to determine a rate for various duplicating and bindery services that allows the fund to recover both the cost of the raw materials plus all personal services and operating costs. Rates have been adjusted historically based on the need to increase or decrease the cash reserves. The requested rates have been increased only to recover anticipated inflationary increases of the raw materials and administrative costs.

#### Duplicating Center Rates FY2000 & 2001

- Duplicating

Number of copies (Includes paper)	FY2000	FY2001
1-20	0.045	0.050
21-100	0.030	0.035
101-1000	0.025	0.030
1001-5000	0.020	0.025

- Bindery

Collating (per sheet)	0.005	0.005
Stapling (per set)	0.015	0.015
Saddle Stitch (per set)	0.030	0.030
Folding (per sheet)	0.005	0.005
Punching (per sheet)	0.001	0.001
Cutting (per min.)	0.550	0.550

- Reprographics

10 x 12 line negative	7.00	7.00
10 x 12 stripped negative	9.00	9.00

10 x 12 halftone	10.00	10.00
10 x 12 stripped halftone	10.00	10.00
11 x 14 line negative	8.00	8.00
11 x 14 stripped negative	10.00	10.00
11 x 14 halftone	11.00	11.00
11 x 14 stripped halftone	11.00	11.00

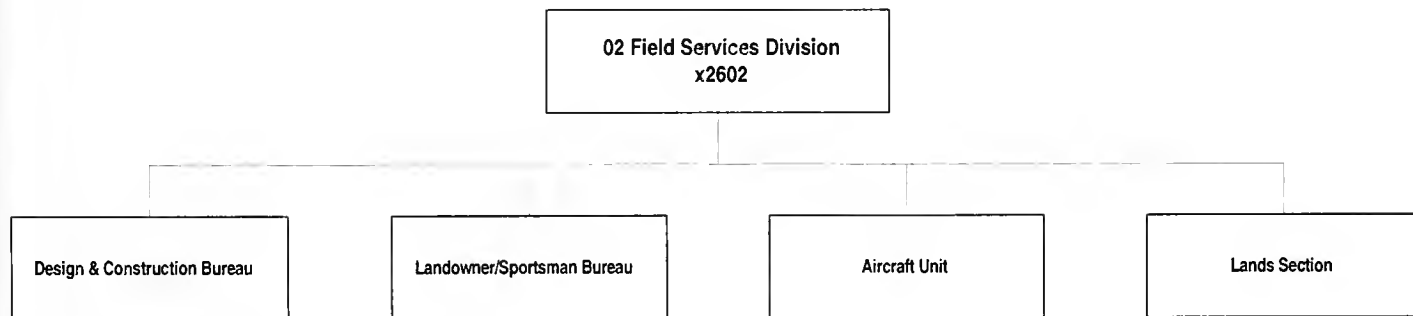
PMT		
10 x 12 positive	6.50	6.50
10 x 12 halftone	8.00	8.00
10 x 12 clear film	6.50	6.50
11 x 14 positive	7.50	7.50
11 x 14 halftone	9.00	9.00
11 x 14 clear film	8.00	8.00
Metal Plates	9.00	9.00

**Significant Present Law -**

**Equipment Enterprise Fund**

- Acquire 47 vehicles in FY 2000 and 57 vehicles in FY 2001

**FIELD SERVICES DIVISION**



**Program Description -** The Field Services Division provides services in seven areas mandated in Titles 23 and 87, MCA. Landowner Sportsman Relations: Establishes and maintains communications with organizations and individuals in the landowner and outdoor recreation communities. Block Management Program: Provides for public hunting access to private lands and isolated public lands. Livestock Loss Program: Provides compensation to landowners that allow public hunting and suffer hunter-related livestock loss or injury during the general hunting season. Game Damage Program: Provides assistance to help minimize impacts of game animals on property and crops for landowners that allow public hunting. Design and Construction Bureau: Provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. Aircraft Unit: Provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. Land Unit: Responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records including administration of land lease payments and tax payments.

**Program Indicators -**

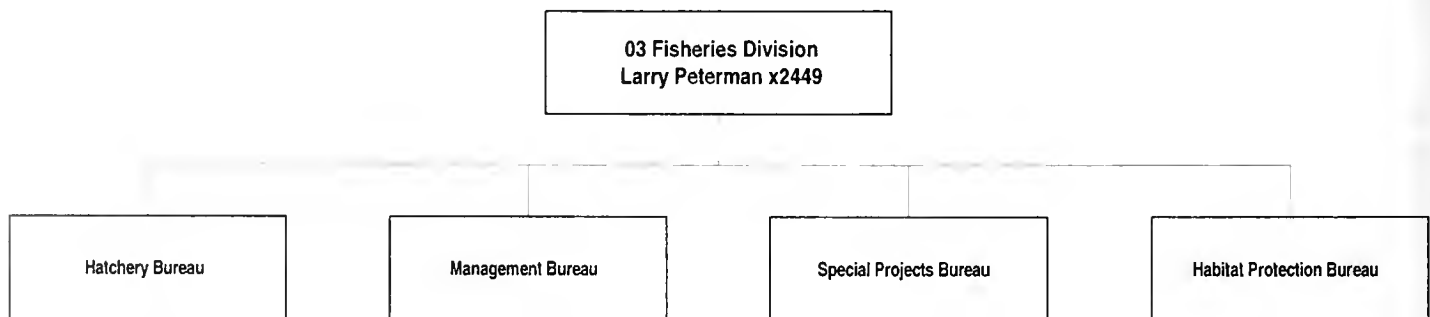
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Number of acres enrolled in block management	7,130,119	7,545,606	7,134,585	7,200,000	7,200,000	7,200,000
Number of hunter days on block management lands	345,864	351,047	352,000	352,000	352,000	352,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	38.66	.00	.00	38.66	.00	.00	38.66
Personal Services	1,381,669	(3,213)	0	1,378,456	(9,645)	0	1,372,024
Operating Expenses	3,836,694	234,993	0	4,071,687	158,543	0	3,995,237
Equipment	5,719	4,281	0	10,000	(5,719)	0	0
Benefits & Claims	4,133	0	0	4,133	0	0	4,133
Transfers	0	30,000	0	30,000	30,000	0	30,000
<b>Total Costs</b>	<b>\$5,228,215</b>	<b>\$266,061</b>	<b>\$0</b>	<b>\$5,494,276</b>	<b>\$173,179</b>	<b>\$0</b>	<b>\$5,401,394</b>
State/Other Special	4,651,376	158,014	0	4,809,390	66,164	0	4,717,540
Federal Special	576,839	108,047	0	684,886	107,015	0	683,854
<b>Total Funds</b>	<b>\$5,228,215</b>	<b>\$266,061</b>	<b>\$0</b>	<b>\$5,494,276</b>	<b>\$173,179</b>	<b>\$0</b>	<b>\$5,401,394</b>

**Significant Present Law Adjustments -**

- Continue biennial appropriation to address human/wildlife conflicts in urban areas
- Complete routine aircraft maintenance to be approved for flight.

**FISHERIES DIVISION**



**Program Description -** The purpose of the Fisheries Division of Fish, Wildlife and Parks is to preserve, maintain, and enhance all aquatic species and their ecosystems to meet the public demand for recreational opportunities and stewardship of aquatic wildlife. The Fisheries Division accomplishes this mission by implementing policies and programs that emphasize the management of wild fish populations and the protection and restoration of their habitats; by operating an efficient hatchery system to stock lakes and reservoirs where natural reproduction is limiting or lacking; by monitoring and regulating harvest to maintain balanced ecosystems; and by providing and maintaining adequate public access to fisheries. Functions are in accordance with Title 87, Chapters 1, 3, and 5, MCA.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001
Number of fish stocked (in millions)	44.8	75.1	70.0	85.0	90.0	92.5
Pounds of fish stocked	289,728	314,487	300,000	320,000	350,000	380,000
Fish habitat projects	36	45	40	45	45	45

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	108.17	.00	.00	108.17	.00	.00	108.17
Personal Services	3,990,548	(5,080)	0	3,985,468	(25,280)	0	3,965,268
Operating Expenses	2,199,803	254,424	0	2,454,227	131,210	0	2,331,013
Equipment	49,673	131,456	0	181,129	131,456	0	181,129
Grants	40,641	0	0	40,641	0	0	40,641
Transfers	0	1,851,019	0	1,851,019	1,851,019	0	1,851,019
<b>Total Costs</b>	<b>\$6,280,665</b>	<b>\$2,231,819</b>	<b>\$0</b>	<b>\$8,512,484</b>	<b>\$2,088,405</b>	<b>\$0</b>	<b>\$8,369,070</b>
State/Other Special	3,396,915	(250,136)	0	3,146,779	(318,706)	0	3,078,209
Federal Special	2,883,750	2,481,955	0	5,365,705	2,407,111	0	5,290,861
<b>Total Funds</b>	<b>\$6,280,665</b>	<b>\$2,231,819</b>	<b>\$0</b>	<b>\$8,512,484</b>	<b>\$2,088,405</b>	<b>\$0</b>	<b>\$8,369,070</b>

**Significant Present Law Adjustments -**

- Increase Giant Springs Hatchery utilities to cover new water pumping costs
- Replace two hatchery distribution trucks
- Appropriation authority for spending federal funds shows as transfers

**LAW ENFORCEMENT DIVISION**

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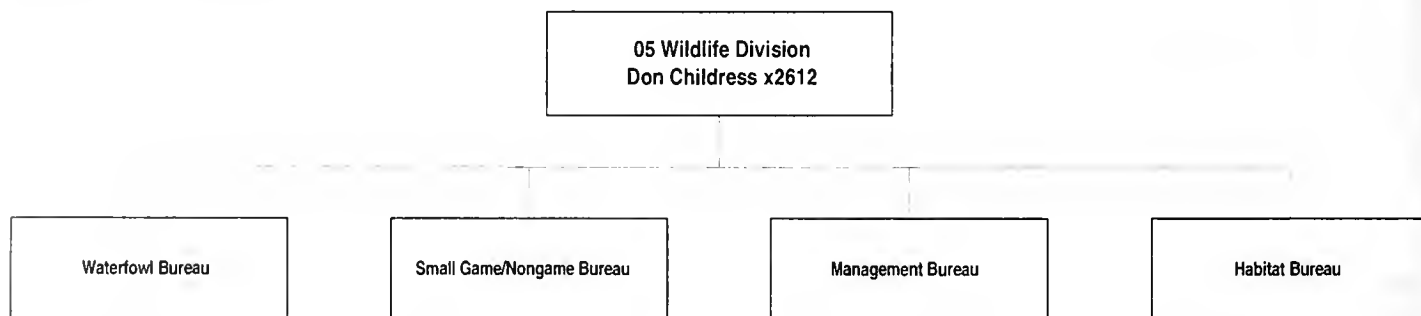
**Program Description -** In accordance with Title 23, MCA, the Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department, such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety. Other duties include administration of special purpose licenses, such as game and fur farms, fur dealers, shooting preserves, taxidermists and falconers; overseeing the FWP licensing agents, assisting with block management; investigating wildlife damage complaints; and mitigating complaints of dangerous or depredating wildlife.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Number of Contacts	N/A	167,558	162,053	165,000	165,000	165,000
Number of Violations	N/A	11,929	12,311	12,000	12,000	12,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	99.98	.00	.00	99.98	.00	.00	99.98
Personal Services	4,048,517	115,410	0	4,163,927	97,886	0	4,146,403
Operating Expenses	1,534,192	357,324	0	1,891,516	114,829	0	1,649,021
Equipment	123,120	0	0	123,120	0	0	123,120
Grants	38,050	(12,050)	0	26,000	(12,050)	0	26,000
<b>Total Costs</b>	<b>\$5,743,879</b>	<b>\$460,684</b>	<b>\$0</b>	<b>\$6,204,563</b>	<b>\$200,665</b>	<b>\$0</b>	<b>\$5,944,544</b>
General Fund	109,895	17,945	0	127,840	13,987	0	123,882
State/Other Special	5,473,021	434,593	0	5,907,614	180,293	0	5,653,314
Federal Special	160,963	8,146	0	169,109	6,385	0	167,348
<b>Total Funds</b>	<b>\$5,743,879</b>	<b>\$460,684</b>	<b>\$0</b>	<b>\$6,204,563</b>	<b>\$200,665</b>	<b>\$0</b>	<b>\$5,944,544</b>

## WILDLIFE DIVISION



**Program Description -** The Wildlife Division is responsible for the statewide wildlife management program mandated in Title 87, Chapters 1 and 2, MCA. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including nongame wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species. Research activities are conducted on particular wildlife issues.

### Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Acres of habitat acquired or enhanced	57,682	104,464	57,054	30,000	60,000	60,000
Regulations printed	395,000	420,000	739,100	739,000	739,100	739,100
Recreation days associated with hunting and trapping	4,403,178	Final Figures for 1997 and 1998 will be available later in 1998		3,500,000	3,500,000	3,500,000

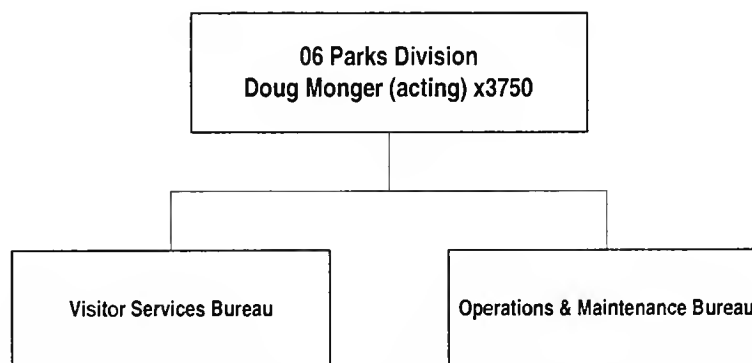


Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	97.43	.00	.50	97.93	.00	.50	97.93
Personal Services	3,773,719	(8,098)	11,512	3,777,133	(24,498)	11,444	3,760,665
Operating Expenses	3,208,370	641,705	86,125	3,936,200	(711,250)	86,125	2,583,245
Equipment	28,854	63,500	0	92,354	28,000	0	56,854
Grants	25,137	110,000	0	135,137	110,000	0	135,137
Transfers	0	220,500	0	220,500	220,500	0	220,500
<b>Total Costs</b>	<b>\$7,036,080</b>	<b>\$1,027,607</b>	<b>\$97,637</b>	<b>\$8,161,324</b>	<b>(\$377,248)</b>	<b>\$97,569</b>	<b>\$6,756,401</b>
State/Other Special	3,795,773	726,193	24,409	4,546,375	(660,103)	24,392	3,160,062
Federal Special	3,240,307	301,414	73,228	3,614,949	282,855	73,177	3,596,339
<b>Total Funds</b>	<b>\$7,036,080</b>	<b>\$1,027,607</b>	<b>\$97,637</b>	<b>\$8,161,324</b>	<b>(\$377,248)</b>	<b>\$97,569</b>	<b>\$6,756,401</b>

**New Proposals -**

- Request one-time-only project to re-establish a recovering ferret population
- Develop a surveillance program for chronic wasting disease that was recently confirmed from a Montana game farm animal.

**PARKS DIVISION**



**Program Description -** In accordance with Title 23, Chapter 1, MCA, the Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state and providing for their use and enjoyment. The program includes 41 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 312 fishing access sites. Other programs administered by the division include motorized and non-motorized trails, land and water conservation fund, and Capitol grounds maintenance.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
*State Park Visitation	1.4 Million	1.5 Million	N/A	1.5 Million	1.55 million	1.6 million
Satisfaction state park maintenance	74%	N/A	N/A	77%	80%	83%
Satisfaction with resources protection	72%	79%	N/A	N/A	82%	85%
Satisfied with park information	56%	N/A	N/A	60%	65%	70%

**DEPT OF FISH, WILDLIFE & PARKS  
PARKS DIVISION**

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06**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Satisfied with park education programs	44%	N/A	N/A	50%	60%	70%
Satisfied with feeling safe in parks	72%	N/A	N/A	75%	78%	81%

\*Included to show trends and should not be used as the sole indicator of success

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	86.32	1.20	.00	87.52	1.20	.00	87.52
Personal Services	2,495,355	105,893	0	2,601,248	91,404	0	2,586,759
Operating Expenses	1,405,239	263,094	0	1,668,333	264,368	0	1,669,607
Equipment	219,884	183,228	0	403,112	(151,772)	0	68,112
Grants	554,921	536,053	0	1,090,974	620,841	0	1,175,762
Transfers	0	25,000	0	25,000	25,000	0	25,000
Debt Service	6,828	(6,828)	0	0	(6,828)	0	0
<b>Total Costs</b>	<b>\$4,682,227</b>	<b>\$1,106,440</b>	<b>\$0</b>	<b>\$5,788,667</b>	<b>\$843,013</b>	<b>\$0</b>	<b>\$5,525,240</b>
General Fund	285,620	2,880	0	288,500	2,127	0	287,747
State/Other Special	4,082,947	562,368	0	4,645,315	171,670	0	4,254,617
Federal Special	313,660	541,192	0	854,852	669,216	0	982,876
<b>Total Funds</b>	<b>\$4,682,227</b>	<b>\$1,106,440</b>	<b>\$0</b>	<b>\$5,788,667</b>	<b>\$843,013</b>	<b>\$0</b>	<b>\$5,525,240</b>

**Significant Present Law Adjustments -**

- Create a parks maintenance project to fund emergency/non-typical maintenance needs in the state park system
- Adjust the federal authority to match the projected increased federal allocation for the recreation trails program
- Address increasing maintenance demands attributable to growing use of the fishing access sites

**Proprietary Rates**

**Program Description** -The Parks Division of Montana Fish, Wildlife and Parks is responsible for the Capitol Grounds Maintenance Program. The department funds the program through the Capitol grounds proprietary account (A/E 06541). Direct costs of the program are accounted for in SBAS Responsibility Centers 6391, 6392, and 6393. Indirect costs are charged to the grounds maintenance program and accounted for in SBAS responsibility center 6399. Indirect costs are recovered through assessment of an indirect cost rate on actual program expenditures of the previous period.

The total annual cost of Capitol grounds maintenance is allocated to state agencies based on each agency's share of the total square footage of office space on the Capitol complex which is rented from DofA General Services Division.

**Revenues and Expenses -Change in the provision of service or level of fees** - The Capitol Grounds Maintenance Program unit of service is the grounds maintenance and snow removal on the Capitol complex. During the 2001 biennium, the program is not anticipating any change in the level of service or in the rates charged for the service provided. On a biennial basis, program costs are reviewed to ensure fees charged to agencies are commensurate with the costs. A total of 5.66 FTE are funded in the grounds maintenance program.

**Working Capital** - Working capital requirements for the grounds maintenance program are within the 60 day requirement. Working capital is considered in establishment of program rates. Working capital determined to be in excess of the 60 day requirement are used to reduce rates in the next biennium. Conversely, if working capital is insufficient, rates are increased in next biennium.

**Fund Equity** - Fund balance is reserved for reverted appropriations. Program objectives are to maintain fund balance at or near the FY1998 level.

**Cash Flow** - Agencies are billed and cash is received on a quarterly basis. This billing cycle allows for sufficient cash flow to cover program costs during the course of the year. Cash balances fluctuate depending on the weather and the time of the year. Cash balances run low during summer drought years due to higher than normal irrigation costs. Early winters with frequent or heavy snowfalls also result in increased costs and depressed cash balances. Typically, the first and last quarters of the year are when cash balances are the lowest. This is during the hot, dry months of summer and early fall and at startup in the spring.

**Rate Explanation -Rate Explanation**

The unit of service is the grounds maintenance and snow removal on the Capitol complex. The unit price is the total annual revenue of the program divided by the total square footage of rented office space on the Capitol complex. Square footage of rented office space on the capitol complex for the 2001 biennium is provided by General Services Division and used in these calculations. The summary of costs billed to agencies and per unit costs for FY1994 through FY2001 are as follows:

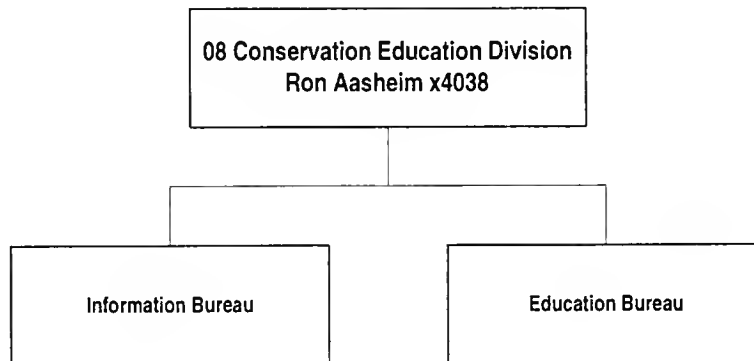
	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01
Revenue	\$264,583	\$266,068	\$265,338	\$263,768	\$297,349	\$295,000	\$297,514	\$297,514
Per Sq. Ft.	\$.3141	\$.3169	\$.3129	\$.3111	\$.3446	\$.3446	\$.3446	\$.3446

Rates proposed for the 2001 biennium are unchanged from the 1999 biennium. The report on the internal service fund table is found under DofA, General Services, in the reference section.

**Significant Present Law –**

- A present law base adjustment to reconcile the base to the proposed budget approved for the fixed costs rate schedule is included as adjustment #602. This adjustment does not have any effect on rates.

**CONSERVATION EDUCATION DIVISION**



**Program Description** - The Conservation Education Division, through its Helena office and seven regional information offices, provides the primary FWP information and education program. Its responsibilities include: 1) distributing public information through news releases, audio-visual materials, brochures, and public service announcements; 2) coordinating youth education programs; 3) coordinating production of hunting, fishing, and trapping regulations; 4) coordinating the hunter, bowhunter, snowmobile, boat, and off-highway vehicle education and safety programs; and 5) providing reception services for the FWP Helena headquarters. The program publishes the Montana Outdoors magazine, produces 16mm color films, radio and television public service announcements, a weekly television report; maintains a film lending library; and operates the FWP wild animal rehabilitation center.

**Program Indicators -**

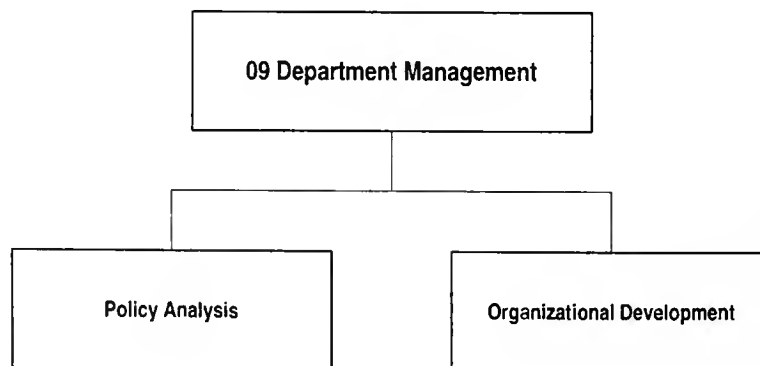
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Hunter Ed Students Instructed	6,227	5,868	6,100	6,100	6,500	6,500
Bowhunter Ed Students Instructed	2,120	2,313	2,000	2,000	2,000	1,000
<u>Montana Outdoors</u> Subscription sales (does not include Newsstand and miscellaneous sales)	40,600	41,500	42,000	43,000	44,000	45,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	22.25	.00	.00	22.25	.00	.00	22.25
Personal Services	859,478	51,469	0	910,947	47,121	0	906,599
Operating Expenses	1,046,098	23,950	256,205	1,326,253	19,562	268,923	1,334,583
Equipment	8,793	0	0	8,793	0	0	8,793
Grants	93,499	24,301	0	117,800	(93,499)	0	0
Transfers	0	20,000	0	20,000	20,000	0	20,000
<b>Total Costs</b>	<b>\$2,007,868</b>	<b>\$119,720</b>	<b>\$256,205</b>	<b>\$2,383,793</b>	<b>(\$6,816)</b>	<b>\$268,923</b>	<b>\$2,269,975</b>
General Fund	2,698	0	0	2,698	0	0	2,698
State/Other Special	1,576,133	91,244	66,500	1,733,877	(35,317)	66,500	1,607,316
Federal Special	429,037	28,476	189,705	647,218	28,501	202,423	659,961
<b>Total Funds</b>	<b>\$2,007,868</b>	<b>\$119,720</b>	<b>\$256,205</b>	<b>\$2,383,793</b>	<b>(\$6,816)</b>	<b>\$268,923</b>	<b>\$2,269,975</b>

**New Proposals -**

- Improve the aquatic education program by integration into schools across the state and reducing barriers to the sport of fishing
- Chronicle the 100-year anniversary of Fish, Wildlife and Parks with plans such as a video documentary, a calendar, historic documents and artifacts, a poster, a teachers guide, and a special display

**DEPARTMENT MANAGEMENT**



**Program Description -** The department Management Division is responsible for: 1) overall department direction regarding policy, planning, program development, guidelines, and budgets; 2) liaison with the Governor's Office and the legislature; 3) interaction with the Fish, Wildlife and Parks Commission; 4) decision-making for key resource activities affecting the department; 5) administration of seven major divisions that provide program development and staff support; 6) supervision of seven regional offices that are responsible for program implementation; 7) legal services for the department; and 8) liaison with Montana's Indian tribes and with other state and federal agencies.

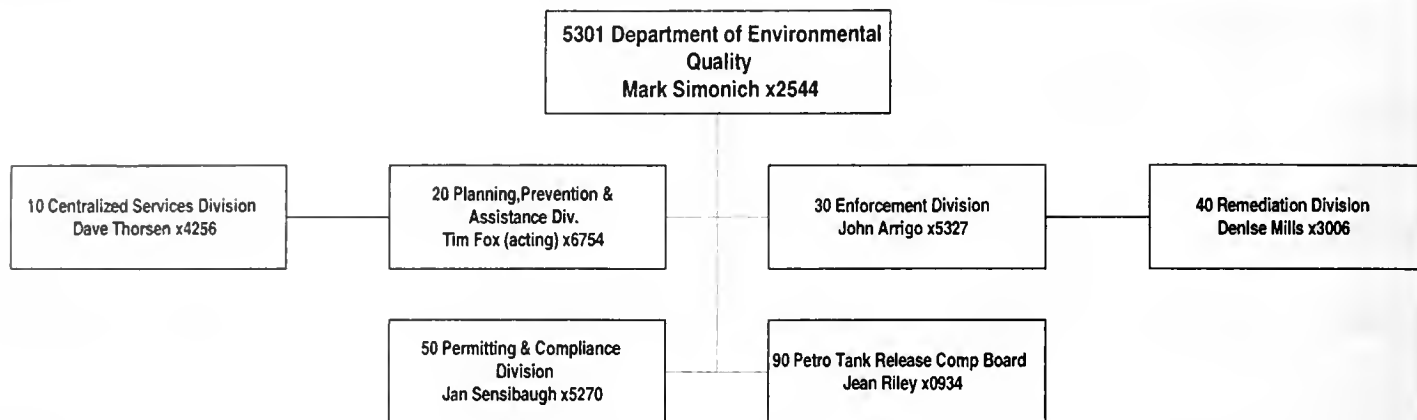
Program Indicators –

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Estimated FY2000	Estimated FY2001
Personnel Appraisals Conducted	57%	57%	57%	67%	77%	87%

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	49.63	.00	.00	49.63	.00	.00	49.63
Personal Services	1,886,520	110,737	0	1,997,257	101,248	0	1,987,768
Operating Expenses	1,083,175	99,847	9,000	1,192,022	87,628	9,000	1,179,803
Equipment	52,826	0	0	52,826	0	0	52,826
Grants	178,500	(110,000)	0	68,500	(110,000)	0	68,500
Transfers	0	150,000	0	150,000	150,000	0	150,000
<b>Total Costs</b>	<b>\$3,201,021</b>	<b>\$250,584</b>	<b>\$9,000</b>	<b>\$3,460,605</b>	<b>\$228,876</b>	<b>\$9,000</b>	<b>\$3,438,897</b>
State/Other Special	2,726,727	(114,246)	9,000	2,621,481	(133,020)	9,000	2,602,707
Federal Special	474,294	364,830	0	839,124	361,896	0	836,190
<b>Total Funds</b>	<b>\$3,201,021</b>	<b>\$250,584</b>	<b>\$9,000</b>	<b>\$3,460,605</b>	<b>\$228,876</b>	<b>\$9,000</b>	<b>\$3,438,897</b>

New Proposals -

- Contribute to the statewide cadastral database project that will standardize and simplify computerized access to landownership records



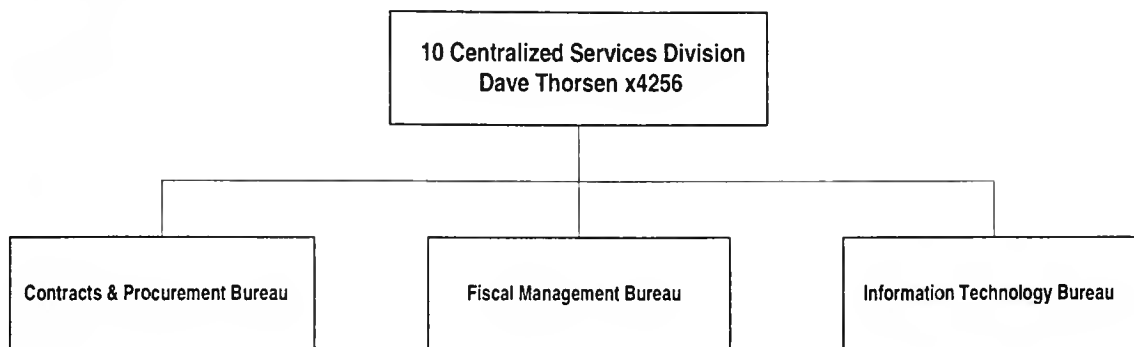
**Mission Statement** - To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

**Statutory Authority** - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

**Executive Budget Recommendation -**

- Additional FTE will reduce permit processing time, assist the regulated community to maintain compliance, and improve response time for violations for environmental laws.
- Database redesign and development will increase efficiencies by centralizing database maintenance tasks and provide increased access to department information by staff, other state agencies and the public.
- Improve technical and financial assistance provided to local groups, businesses and communities through loans, grants, cooperative agreements, planning studies, monitoring and assessments.
- Advance protecting human health and the environment and preventing exposure to hazardous substances.
- Expand the number of projects at mine sites with reclamation design and construction, Superfund sites undergoing remedial investigation, design and construction, and underground storage tank sites.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	336.93	17.00	4.00	357.93	19.00	4.00	359.93
Personal Services	11,243,840	2,562,888	130,498	13,937,226	2,560,232	129,600	13,933,672
Operating Expenses	14,772,583	20,132,404	6,364,307	41,269,294	4,002,456	6,325,187	25,100,226
Equipment	236,499	(7,800)	50,000	278,699	(13,800)	50,000	272,699
Grants	1,206,058	108,591	0	1,314,649	128,033	0	1,334,091
Benefits & Claims	0	500,000	0	500,000	500,000	0	500,000
<b>Total Costs</b>	<b>\$27,458,980</b>	<b>\$23,296,083</b>	<b>\$6,544,805</b>	<b>\$57,299,868</b>	<b>\$7,176,921</b>	<b>\$6,504,787</b>	<b>\$41,140,688</b>
General Fund	2,261,786	1,265,233	366,000	3,893,019	1,293,097	328,000	3,882,883
State/Other Special	10,530,988	19,007,855	60,844	29,599,687	2,703,595	58,806	13,293,389
Federal Special	14,666,206	3,047,995	6,117,961	23,832,162	3,180,229	6,117,981	23,964,416
<b>Total Funds</b>	<b>\$27,458,980</b>	<b>\$23,321,083</b>	<b>\$6,544,805</b>	<b>\$57,324,868</b>	<b>\$7,176,921</b>	<b>\$6,504,787</b>	<b>\$41,140,688</b>



**Program Description** - The Central Management Program consists of the Director's Office and the Centralized Services Division. This program is responsible for the administration and management of the department mission and provides department-wide support in the following areas: legal, personnel, budgeting, accounting, purchasing and contract procurement, and information technology services. Most of the program is funded with proprietary funds.

The Director's Office assigns department resources and implements and administers the policies established by the Governor and executive branch necessary to efficiently manage agency operations to comply with the statutory and fiscal responsibilities of the DEQ as established by the legislature and by federal agencies from whom the department receives federal funding.

The Centralized Services Division works with agency programs, the Governor's Office and other executive agencies, the legislative branch, the federal government, interested groups and private citizens regarding the fiscal management responsibilities and computer technology of the department.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Personal Services	1,400	750	0	2,150	750	0	2,150
Operating Expenses	9,711	3,140	250,000	262,851	3,140	250,000	262,851
<b>Total Costs</b>	<b>\$11,111</b>	<b>\$3,890</b>	<b>\$250,000</b>	<b>\$265,001</b>	<b>\$3,890</b>	<b>\$250,000</b>	<b>\$265,001</b>
General Fund	11,111	3,890	250,000	265,001	3,890	250,000	265,001
<b>Total Funds</b>	<b>\$11,111</b>	<b>\$3,890</b>	<b>\$250,000</b>	<b>\$265,001</b>	<b>\$3,890</b>	<b>\$250,000</b>	<b>\$265,001</b>

#### New Proposals -

- Database development using \$250,000 general fund per year - OTO

#### Proprietary Rates

**Program Description** -The department has A/E 06509 which is used to account for its indirect cost activity. The indirect pool consists of expenditures from the Director's Office, Personnel and Legal units, Central Services Administration, and the Fiscal Management, Contracts and Procurement, and Information Technology Bureaus.

#### Revenues and Expenses -

**Changes in Provision of Services or Level of Fees**-The department's rate negotiation with the U.S. Environmental Protection Agency will be for a 23% indirect cost rate. Revenues generated by the current indirect cost rate fund 39.00 FTE. However, the department submitted a Present Law proposal to increase this by 5.00 FTE to support changes in information technology. The costs associated with the 5.00 FTE represent 3% of the total indirect cost pool charges.

**Working Capital** - The table in the reference section shows that the department must maintain an average working capital balance of approximately \$360,000 to meet its current obligations. Working capital is not directly factored into the indirect cost rate. The rate is based on the most current actual expenditure data available. Since the rate calculated is always based on historical data, there is a carry forward computation which is built into the rate. This computation compares what was initially negotiated versus what actually occurred. The difference represents the amount the department either under-recovered or over-recovered. This amount is carried forward into the next year's rate. The department indirect cost rate is determined based on guidelines prescribed by the federal government.

**Fund Equity**-The department does not reserve a fund balance on SBAS nor does it try to maintain a fund balance. The revenues generated should be enough to cover current year operations. However, due to timing factors, the fund balance does not always come out to zero. As shown, the ending retained earnings balance for FY 1998 was a negative \$301. The department estimates for FY 1999, FY 2000 and FY 2001 also show a negative ending retained earnings balance. The department does have contributed capital in this proprietary account, which is due to the effects of the agency reorganization mandated by the 1995 Legislature.

**Cash Flow**-Cash into this account fluctuates based on the department vacancy rate. Since the indirect rate is applied to the department personal services base, as employees are hired or terminate, this causes the monthly revenues flowing into this account to fluctuate either up or down. Like all agencies, the department must pay insurance premiums to Tort Claims. Therefore, this account must maintain a significant cash balance at the beginning of the fiscal year to cover this obligation. In addition, at the end of the fiscal year, there must be enough cash available for the department to record its compensated absences liability and depreciation in accordance with Generally Accepted Accounting Principles.

**Rate Explanation** -The department negotiates an annual indirect cost rate with the U.S. EPA. The approved rate is a fixed rate. This rate is applied against the personal services charged within each division of the department. This rate was calculated using FY 1998 actual expenditures with an adjustment for the costs associated with the Present Law proposal described below. This type of rate is the most logical type because it provides the department with an adequate and consistent source of revenue to fund central operations that are utilized by all programs within the department. The department is requesting an increase in its indirect cost rate from 19.5% to 23%. The proposed increase is due to a previous under-recovery, as well as the additional 5.00 FTE .

**Significant Present Law** -The department submitted a proposal requesting 5.00 FTE per fiscal year to support the conversion of its desktop operating system from Windows 3.x to Windows 95 and Windows NT. These FTE are not only required for the conversion itself, but also to maintain and support the new operating systems, once in place. Staff workloads have increased significantly due to the following information technology changes: 1) implementation of the new MT PRRIME applications, 2) the NetWare 4.11 network operating system requiring Windows 95, 3) conversion to the state standard of Oracle for department-wide databases, 4) new state e-mail standard (Microsoft Exchange), and 5) compliance with the new state desktop operating system standards.

The amount of this proposal is \$282,840 and \$226,672 for FY 2000 and FY 2001, respectively. This includes personal service costs, as well as necessary operating costs associated with these positions. These costs represent 3% of the total indirect cost rate of 23%. There is no effect on the unreserved fund balance.



20 Planning, Prevention & Assistance  
Div.  
Tim Fox (acting) x6754

Monitoring & Data Management  
Bureau

Pollution Prevention Bureau

Resource Protection Planning  
Bureau

Technical & Financial Asst. Bureau

**Program Description** - The Planning, Prevention and Assistance Division prevents pollution and solves existing and emerging environmental problems by:

- Working with others to foster environmental stewardship
- Collecting information and reporting on the condition of land, air, and water resources
- Developing effective environmental standards
- Analyzing energy and environmental issues and recommending policy positions and state actions
- Providing training, education, technical and financing assistance
- Promoting innovative technologies, energy efficiency and improved resource management practices

The division contains four bureaus:

- Monitoring and Data Management monitors air and water quality conditions and trends, and assesses sources and severity of pollution problems.
- Pollution Prevention works in the areas of air quality, water quality, land conservation, and energy efficiency to find ways to prevent pollution before it occurs.
- Resource Protection Planning provides planning for energy, watershed, airshed, and solid and hazardous waste management; helps develop Total Maximum Daily Loads; coordinates DEQ's positions on environmental legislation, proposed rules and policy; develops environmental protection criteria; and provides economic modeling and analysis.
- Technical and Financial Assistance finances energy retrofits to public buildings, and construction and improvement of community drinking water and wastewater systems; and provides technical assistance, education and outreach regarding energy efficiency, occupational health, indoor air quality and radon.

Statutory Authority: MCA Titles 2, 7, 37, 50, 69, 75, 80, and 90; USC 24, 33, and 42; PL No. 95-91 and 95-224

**Program Indicators** - Technical and financial assistance provided to local groups, businesses and communities through loans, grants, cooperative agreements, planning studies, monitoring and assessments.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01
FTE	88.03	2.50	3.00	93.53	2.50	3.00	93.53	93.53
Personal Services	2,686,807	963,136	96,133	3,746,076	945,962	95,472	3,728,241	7,474,317
Operating Expenses	3,653,222	850,533	121,828	4,625,583	895,021	122,509	4,670,752	9,296,335
Equipment	196,084	0	50,000	246,084	0	50,000	246,084	492,168
Grants	131,109	0	0	131,109	0	0	131,109	262,218
<b>Total Costs</b>	<b>\$6,667,222</b>	<b>\$1,813,669</b>	<b>\$267,961</b>	<b>\$8,748,852</b>	<b>\$1,840,983</b>	<b>\$267,981</b>	<b>\$8,776,186</b>	<b>\$17,525,038</b>
General Fund	1,138,739	625,423	0	1,764,162	618,754	0	1,757,493	3,521,655
State/Other Special	824,069	231,406	0	1,055,475	229,089	0	1,053,158	2,108,633
Federal Special	4,704,414	956,840	267,961	5,929,215	993,140	267,981	5,965,535	11,894,750
<b>Total Funds</b>	<b>\$6,667,222</b>	<b>\$1,813,669</b>	<b>\$267,961</b>	<b>\$8,748,852</b>	<b>\$1,840,983</b>	<b>\$267,981</b>	<b>\$8,776,186</b>	<b>\$17,525,038</b>

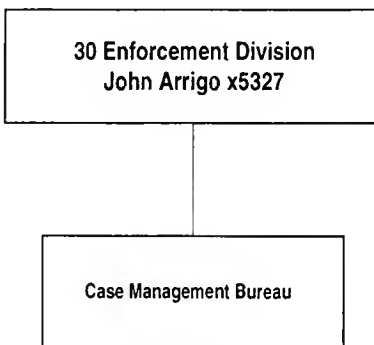
**Significant Present Law Adjustments -**

- Expand the Source Water Assessment Program that began in FY 1999 with EPA funding by adding 2.50 FTE
- Biological standards development with 1.00 FTE water quality specialist
- Total Maximum Daily Load (TMDL) full annualized costs as program develops
- Drinking Water State Revolving Fund full annualized costs as new program develops
- Transfer 1.00 FTE industrial hygienist to Department of Labor for improved customer service and operating efficiencies

**New Proposals -**

- Add federal air quality budget amendment to HB2 for ongoing ambient monitoring of the new fine particulate criteria using 3.00 FTE specialists by FY 2001.

**ENFORCEMENT DIVISION**



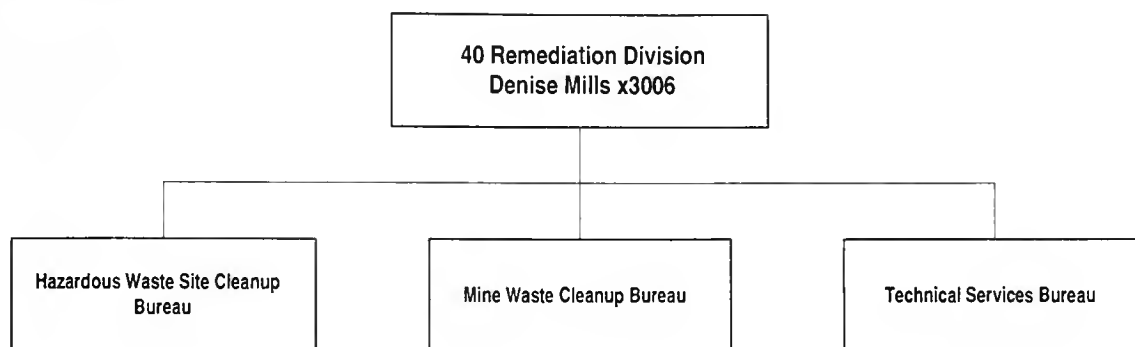
**Program Description -** To respond to citizen complaints that allege a violation of laws and regulations administered by DEQ and determine if a violation has occurred; implement timely, consistent and appropriate enforcement for laws and regulations administered by the department; process and manage DEQ enforcement cases and monitor compliance with department orders; and maintain an Environmental Compliance Information System (ECIS) to monitor and report DEQ complaint response and enforcement activities under Title 75 and 82, MCA.

**Program Indicators -** The goal of the Enforcement Division is to resolve complaints within 30 days. Currently the department resolves an average of 950 complaints per year in approximately 50 days.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	17.50	1.00	.00	18.50	2.00	.00	19.50
Personal Services	564,356	201,042	0	765,398	230,992	0	795,348
Operating Expenses	288,036	94,041	0	382,077	114,990	0	403,026
<b>Total Costs</b>	<b>\$852,392</b>	<b>\$295,083</b>	<b>\$0</b>	<b>\$1,147,475</b>	<b>\$345,982</b>	<b>\$0</b>	<b>\$1,198,374</b>
General Fund	309,192	252,490	0	561,682	306,130	0	615,322
State/Other Special	225,177	(41,810)	0	183,367	(42,078)	0	183,099
Federal Special	318,023	84,403	0	402,426	81,930	0	399,953
<b>Total Funds</b>	<b>\$852,392</b>	<b>\$295,083</b>	<b>\$0</b>	<b>\$1,147,475</b>	<b>\$345,982</b>	<b>\$0</b>	<b>\$1,198,374</b>

**Significant Present Law Adjustments -**

- Enforcement effectiveness expansion by 1.00 FTE in FY 2000 and 2.00 FTE in FY 2001 and associated expenses to respond to spill reports, complaints, and formal enforcement orders using \$173,735 general fund.
- Increase the indirect cost rate from 19.5% to 23% for the 2001 biennium



**Program Description** - The division oversees remedial activities at state and federal Superfund sites, abandoned mine lands, groundwater contamination sites, and sites with leaking underground storage tanks (USTs); and regulates USTs. These activities are to protect human health and the environment, and to prevent potential exposure to hazardous substances that have been released to the environment.

The division has four bureaus:

- hazardous Waste Site Cleanup oversees the investigation and cleanup of sites with hazardous substance or petroleum contamination in soil, water, and air. Sites addressed include wood-treating plants, dry cleaners, commercial and private fueling stations, railyards, chemical spills, former refineries, public and private maintenance shops, and similar facilities.
- Mine Waste Cleanup oversees and directs remedial actions at historical mining, smelter, and mill sites under the authorities of state and federal Superfund, and state and federal mine reclamation laws relating to abandoned mine reclamation.
- Technical Services implements the UST leak prevention program, does compliance inspections on UST facilities, and manages electronic information systems for the division
- Fiscal and Administrative Services provides administrative, financial, and clerical support to the division.

**Statutory Authority** - Title 75, Chapters 5, 10, 11, and Title 82, Chapter 4, MCA; USC 42 and 30; and RCRA Section 9003.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	70.00	1.00	.00	71.00	1.00	.00	71.00
Personal Services	2,276,340	429,295	0	2,705,635	415,584	0	2,691,924
Operating Expenses	7,300,057	1,317,503	5,850,000	14,467,560	1,441,030	5,850,000	14,591,087
Grants	13,726	16,700	0	30,426	16,700	0	30,426
Benefits & Claims	0	500,000	0	500,000	500,000	0	500,000
<b>Total Costs</b>	<b>\$9,590,123</b>	<b>\$2,263,498</b>	<b>\$5,850,000</b>	<b>\$17,703,621</b>	<b>\$2,373,314</b>	<b>\$5,850,000</b>	<b>\$17,813,437</b>
State/Other Special	2,370,189	967,266	0	3,337,455	945,630	0	3,315,819
Federal Special	7,219,934	1,296,232	5,850,000	14,366,166	1,427,684	5,850,000	14,497,618
<b>Total Funds</b>	<b>\$9,590,123</b>	<b>\$2,263,498</b>	<b>\$5,850,000</b>	<b>\$17,703,621</b>	<b>\$2,373,314</b>	<b>\$5,850,000</b>	<b>\$17,813,437</b>

#### Significant Present Law Adjustments -

- Abandoned Mine base reduction - The reduction of \$753,963 in FY 2000 and \$604,060 in FY 2001 in contracted services reflects a decreasing amount of federal funding available for the cleanup of abandoned and inactive mine sites in Montana. Historically, the Abandoned Mine Reclamation (AMR) Program had been unable to fully expend its annual grant from the federal Office of Surface Mining (OSM) and FY 1998 was the last year that funding was available from previous grants. This reduction places the level of OSM authority at anticipated grant levels for FY 2000 and FY 2001.
- Silverbow Creek base reduction - This reduction of federal Superfund authority of \$271,148 each fiscal year

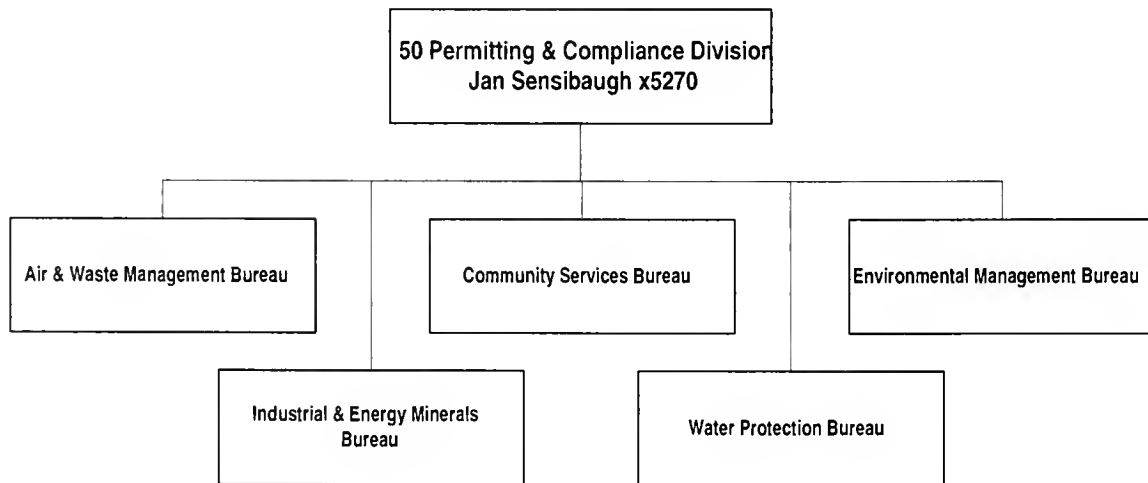
removes a portion of Silverbow Creek Streamside Tailings (SST) base expenditures. The spending authority and funding needs for this project are reflected in two proposals, "Silverbow Creek SST Design" and "Silverbow Creek SST Construction." Personal services and indirect expenditures have been retained in the base, with the funding shifted to other federal Superfund sources. The program anticipates this effort will be taken "off-budget" if the Natural Resources Damages lawsuit results in a cash settlement for this work. Federal Superfund contract services expenditures are continuing at approximately the same level as in the past.

- DEQ Fixed Costs - The recommendation of \$134,491 in FY 2000 and \$129,906 in FY 2001 consists of rent and departmental indirect costs funded across all division programs.
- One leased vehicle for UST and one for AMR
- Federal LUST trust grant funds of \$300,000 per year for contract services
- Hazardous Waste base adjustment
- Technical Services base adjustment
- UST One-Stop Licensing, OTO
- Silverbow Creek SST design contingency pending final ARCO/state settlement
- Orphan Share \$500,000 per year remediation cost projections to implement new program not in the base budget
- Add 1.00 FTE for timely remediation of contaminated groundwater

**New Proposals -**

- Silverbow Creek SST construction contingency of \$5.85 million federal funds each year pending final ARCO/state settlement

**PERMITTING & COMPLIANCE DIVISION**



**Program Description -** Permitting and Compliance Divisions has five bureaus that administer the department's permitting and compliance activities under 25 state regulatory and five related federal authorities. The division reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies), determining control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment. The division prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance where needed.

The division inspects to determine compliance with permit conditions, laws and rules. When compliance problems are discovered, the division provides assistance to resolve the facility's compliance issues, in close coordination with the Enforcement Division.

Activities are organized as follows: Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

**Statutory Authority:** Titles 37, 50, 75, 76, and 82 MCA; 42 USC 7401 and 300; and PL 92-500, 95-87, and 99-519

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	151.40	12.50	1.00	164.90	13.50	1.00	165.90
Personal Services	5,396,774	947,689	34,365	6,378,828	947,213	34,128	6,378,115
Operating Expenses	3,308,549	17,802,664	142,479	21,253,692	1,484,095	102,678	4,895,322
Equipment	40,415	(7,800)	0	32,615	(13,800)	0	26,615
Grants	1,061,223	91,891	0	1,153,114	111,333	0	1,172,556
<b>Total Costs</b>	<b>\$9,806,961</b>	<b>\$18,834,444</b>	<b>\$176,844</b>	<b>\$28,818,249</b>	<b>\$2,528,841</b>	<b>\$136,806</b>	<b>\$12,472,608</b>
General Fund	802,744	383,430	116,000	1,302,174	364,323	78,000	1,245,067
State/Other Special	6,580,382	17,765,494	60,844	24,406,720	1,487,043	58,806	8,126,231
Federal Special	2,423,835	710,520	0	3,134,355	677,475	0	3,101,310
<b>Total Funds</b>	<b>\$9,806,961</b>	<b>\$18,859,444</b>	<b>\$176,844</b>	<b>\$28,843,249</b>	<b>\$2,528,841</b>	<b>\$136,806</b>	<b>\$12,472,608</b>

**Significant Present Law Adjustments -**

- Recommend 2.00 FTE subdivision technical specialists to assist in reviewing about 7,000 lots each year and to save about \$65,000 per year in program costs supported with fee revenue.
- Implement requirements of Title V of the Clean Air Act including 4.00 FTE permitting and compliance staff in FY 2000 and 5.00 FTE in FY 2001 using no general fund.
- Implement amendments to the Safe Drinking Water Act including 1.00 FTE in FY 2000 and 2.00 FTE in FY 2001 with no general fund.
- Add 1.50 FTE support staff for the Helena and Kalispell regional offices in public water supply and opencut mining functions.
- Air and Waste Management Bureau 3.00 FTE for EPA data reporting, technical support and asbestos control
- Water Protection Bureau permits section adjustments for lab tests, travel, and data management
- Water Protection Bureau proposal for \$90,000 to convert the subdivision database to Oracle and purchase desktop computers
- Provide nearly \$100,000 per year to increase subdivision review grants to counties and provide staff assistance
- Use \$48,840 general fund and \$157,200 other funds to contract for reviews, materials and database replacement
- Adopt \$30,516 general fund and \$82,475 other funds for lab testing, space utilization and leased vehicle replacement.
- Add about \$123 thousand for smoke management and risk assessments for incineration projects
- Provide \$146,000 biennial authority for consultant services for database development, upgrade and replacement.
- Increase grant funding to counties by 1% in the Junk Vehicle Program and related adjustments
- \$160,000 per year for State Revolving Fund (SRF) set-asides
- Vacancy adjustments of about \$6 thousand general fund and \$22 thousand other funds each year
- Replace vehicles and minor equipment using \$19,006 general fund and \$25,875 other funds in FY 2000 and \$16,398 general fund and \$22,775 other funds in FY 2001.
- Provide \$14,914,500 of biennial spending authority for bond forfeiture mine reclamation projects.
- Use \$70,050 general fund and \$200,000 other funds each year to convert database files that are no longer supported.
- Fund indirect rates for the biennium, adjust rent for non-DofA buildings and deduct one-time-only expenses and funding from the Permitting and Compliance Division base budget using \$24 thousand general fund and more than \$200 thousand other funds each year.
- Establish \$78,675 of biennial spending authority for fees received for facility siting applications submitted under MFSA.
- Establish \$1 million of biennial spending authority for MEPA fees which may be submitted by applicants for preparation of EISs.

**New Proposals -**

- Water Quality Compliance Specialist
- Bankruptcy litigation

90 Petro Tank Release Comp Board  
Jean Riley x0934

**Program Description** - The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes only. The board is responsible for administering the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board must affirmatively determine that the expenses for which reimbursement is claimed are eligible costs and were actually, necessarily, and reasonably incurred for the preparation or implementation of a corrective action plan approved by DEQ or for payments to a third party for bodily injury or property damage. The board is responsible for responding to and working with private individuals, corporations, other state agencies, Governor's office, the legislature, federal agencies, other interested parties with activities relative to petroleum storage tanks. It has a staff of 10.00 FTE and funds 14.68 FTE within DEQ. In the last biennium, reimbursements to owners and operators for eligible costs exceeded \$11.5 million. The reimbursements to owners and operators are a statutory appropriation.

The primary statutory mandate and authorizations are in Title 75, Chapter 11, part 3, MCA.

**Program Indicators** - Major program indicators are number of claims received and number of requests for eligibility determination. Both indicators are expected to increase in the 2001 biennium as a result of releases discovered either during required upgrades to the underground storage tank systems which must be completed by December 22, 1998, or during the removal of those tanks that are not upgraded which must be completed by December 22, 1999. Many of the new releases will result in requests for eligibility determinations. For those releases found eligible additional claims will be received.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.00	.00	.00	10.00	.00	.00	10.00
Personal Services	318,163	20,976	0	339,139	19,731	0	337,894
Operating Expenses	213,008	64,523	0	277,531	64,180	0	277,188
<b>Total Costs</b>	<b>\$531,171</b>	<b>\$85,499</b>	<b>\$0</b>	<b>\$616,670</b>	<b>\$83,911</b>	<b>\$0</b>	<b>\$615,082</b>
State/Other Special	531,171	85,499	0	616,670	83,911	0	615,082
<b>Total Funds</b>	<b>\$531,171</b>	<b>\$85,499</b>	<b>\$0</b>	<b>\$616,670</b>	<b>\$83,911</b>	<b>\$0</b>	<b>\$615,082</b>

**Significant Present Law Adjustments -**

- Legal fees and court costs
- Administrative costs for a 23% indirect rate
- Petro Board staff base adjustments

**5603 Department of Livestock**  
**Larry Peterson x2023**

01 Centralized Services Division  
George Harris x9040

03 Diagnostic Laboratory Division  
Dr. Larry Stackhouse 994-4885

04 Disease Control Program  
Dr. Arnold Gertonson, State Vet  
x2043

05 Meat-Milk & Egg Inspection  
Division  
Dr. Ken Lee x5202

06 Brands Enforcement Division  
Marc Bridges x2045

08 Predator Control Section  
Marc Bridges x2045

10 Meat/Poultry Inspection  
Dr. Ken Lee x5202

37 Milk Control Bureau  
Gary Hamel, Bureau Chief x4301

**Mission Statement** - To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and protect the livestock industry from theft and predatory animals.

**Statutory Authority** - Title 81, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	128.71	1.00	7.00	136.71	1.00	9.00	138.71
Personal Services	4,531,195	96,273	224,721	4,852,189	81,903	275,394	4,888,492
Operating Expenses	1,656,811	442,383	432,859	2,532,053	409,378	426,163	2,492,352
Equipment	215,082	221,319	71,103	507,504	91,945	60,603	367,630
<b>Total Costs</b>	<b>\$6,403,088</b>	<b>\$759,975</b>	<b>\$728,683</b>	<b>\$7,891,746</b>	<b>\$583,226</b>	<b>\$762,160</b>	<b>\$7,748,474</b>
General Fund	479,946	155,732	17,796	653,474	150,556	27,944	658,446
State/Other Special	5,520,811	557,543	665,000	6,743,354	390,034	678,063	6,588,908
Federal Special	402,331	46,700	45,887	494,918	42,635	56,153	501,119
<b>Total Funds</b>	<b>\$6,403,088</b>	<b>\$759,975</b>	<b>\$728,683</b>	<b>\$7,891,746</b>	<b>\$583,225</b>	<b>\$762,160</b>	<b>\$7,748,473</b>

## CENTRALIZED SERVICES DIVISION

**01 Centralized Services Division**  
**George Harris x9040**

**Program Description** - The Centralized Services Division operates under the statutes for budgeting, accounting, payroll, personnel administration, property procurement and management, and revenue collection functions by a state agency. The division also provides the overall management of the Milk Control Bureau. The Board of Livestock, executive officer to the board, secretary and attorney are in the Centralized Services Division. The Livestock Crimestoppers Commission and the Beef Research and Marketing Committee are administratively attached.

**DEPARTMENT OF LIVESTOCK  
CENTRALIZED SERVICES PROGRAM**

**5603  
01**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.00	.00	2.00	13.00	.00	2.00	13.00
Personal Services	467,077	10,255	61,904	539,236	7,445	61,480	536,002
Operating Expenses	297,172	168,240	0	465,412	141,492	0	438,664
Equipment	45,661	46,942	5,055	97,658	34,092	0	79,753
<b>Total Costs</b>	<b>\$809,910</b>	<b>\$225,437</b>	<b>\$66,959</b>	<b>\$1,102,306</b>	<b>\$183,029</b>	<b>\$61,480</b>	<b>\$1,054,419</b>
General Fund	17,831	80,915	2,996	101,742	77,022	2,744	97,597
State/Other Special	752,093	137,342	62,476	951,911	98,834	57,383	908,310
Federal Special	39,986	7,180	1,487	48,653	7,173	1,353	48,512
<b>Total Funds</b>	<b>\$809,910</b>	<b>\$225,437</b>	<b>\$66,959</b>	<b>\$1,102,306</b>	<b>\$183,029</b>	<b>\$61,480</b>	<b>\$1,054,419</b>

**Significant Present Law Adjustments -**

- Funding Centralized Services - Historically, general fund has funded the portion of the centralized services related to public health and safety. The budget continues this method consistent with the past several biennia, using 8.7 % general fund, 86.5 % state special revenue and 4.8 % federal special revenue. State special revenue is derived from the per capita fee and inspection and control. Animal health revenue is derived from and used in the diagnostic laboratory and the animal health divisions. The Meat and Poultry Inspection Program accounting costs are financed with federal funds using a federal indirect cost rate of 18.15% of personal services in meat inspection for FFY 1999.

**New Proposals -**

- Hire new public affairs and information officer using non-general funds
- Continue modified level grade 12 data processing information specialist as permanent FTE using total general fund of \$5,740 for the biennium and other agency funds.

**DIAGNOSTIC LABORATORY DIVISION**

03 Diagnostic Laboratory Division  
Dr. Larry Stackhouse 994-4885

**Program Description -** The Diagnostic Laboratory Program provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg Program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks and other agencies in protecting the health of animals and wildlife. The division work is mandated in Title 82, Chapter 2, part 1, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	20.00	.00	1.00	21.00	.00	2.00	22.00
Personal Services	752,421	29,879	31,809	814,109	32,567	63,208	848,196
Operating Expenses	310,237	53,445	2,934	366,616	53,445	2,934	366,616
Equipment	3,653	35,020	871	39,544	21,305	871	25,829
<b>Total Costs</b>	<b>\$1,066,311</b>	<b>\$118,344</b>	<b>\$35,614</b>	<b>\$1,220,269</b>	<b>\$107,317</b>	<b>\$67,013</b>	<b>\$1,240,641</b>
General Fund	130,225	25,701	0	155,926	28,477	0	158,702
State/Other Special	936,086	92,643	35,614	1,064,343	78,840	67,013	1,081,939
<b>Total Funds</b>	<b>\$1,066,311</b>	<b>\$118,344</b>	<b>\$35,614</b>	<b>\$1,220,269</b>	<b>\$107,317</b>	<b>\$67,013</b>	<b>\$1,240,641</b>



New Proposals -

- Add 1.00 FTE microbiologist in accordance with the FDA recommendation
- Replace personal car usage with a leased vehicle from DOT
- Address disease problems with 1.00 FTE molecular technologist in FY 2001

DISEASE CONTROL PROGRAM

04 Disease Control Program  
Dr. Arnold Gertonson, State Vet  
x2043

**Program Description -** In this division, the Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects human health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks. The control work is mandated in Title 81, Chapters 1, 2, 5, 7, 8, 9, and 20 MCA.

Executive Budget Recommendation -

- Present law adjustments for equipment replacement

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.50	.00	3.00	13.50	.00	3.00	13.50
Personal Services	409,413	13,160	110,275	532,848	11,194	109,508	530,115
Operating Expenses	131,046	10,071	380,057	521,174	10,018	380,361	521,425
Equipment	24,552	40,761	23,945	89,258	6,270	20,000	50,822
Total Costs	\$565,011	\$63,992	\$514,277	\$1,143,280	\$27,482	\$509,869	\$1,102,362
State/Other Special	565,011	63,992	514,277	1,143,280	27,482	509,869	1,102,362
Total Funds	\$565,011	\$63,992	\$514,277	\$1,143,280	\$27,482	\$509,869	\$1,102,362

New Proposals -

- Convert the board-authorized veterinarian into a permanent position due to workload
- Office clerk temporary help
- Continue bison operations at level authorized by the last Legislature but not included in base budget

MEAT, MILK & EGG INSPECTION DIVISION

05 Meat-Milk & Egg Inspection  
Division  
Dr. Ken Lee x5202

**Program Description -** The Milk and Egg Program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies. The program work is mandated in Title 81, Chapters 20, 21 and 22; Titles 20, 21, and 22, MCA.

Executive Budget Recommendation -

- Present law base adjustments for equipment replacement schedules

**DEPARTMENT OF LIVESTOCK  
MILK & EGG PROGRAM**

**5603**

**6**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.50	.00	.00	4.50	.00	.00	4.50
Personal Services	183,381	11,000	0	194,381	9,904	0	193,285
Operating Expenses	31,289	4,634	0	35,923	4,634	0	35,923
Equipment	18,220	14,232	0	32,452	14,232	0	32,452
<b>Total Costs</b>	<b>\$232,890</b>	<b>\$29,866</b>	<b>\$0</b>	<b>\$262,756</b>	<b>\$28,770</b>	<b>\$0</b>	<b>\$261,660</b>
State/Other Special	202,612	39,476	0	242,088	38,377	0	240,989
Federal Special	30,278	(9,610)	0	20,668	(9,608)	0	20,670
<b>Total Funds</b>	<b>\$232,890</b>	<b>\$29,866</b>	<b>\$0</b>	<b>\$262,756</b>	<b>\$28,769</b>	<b>\$0</b>	<b>\$261,659</b>

**BRANDS ENFORCEMENT DIVISION**

06 Brands Enforcement Division  
Marc Bridges x2045

**Program Description** - Inspection and Control Program, as part of the Brands Enforcement Division, is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections. The program work is mandated in Title 81, Chapters 1, 3, 4, 5, 6, 8 and 9, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	63.21	.00	1.00	64.21	.00	2.00	65.21
Personal Services	2,086,888	6,041	20,733	2,113,662	(2,516)	41,198	2,125,570
Operating Expenses	277,216	22,711	30,400	330,327	22,852	2,600	302,668
Equipment	123,476	83,414	1,500	208,390	15,096	0	138,572
<b>Total Costs</b>	<b>\$2,487,580</b>	<b>\$112,166</b>	<b>\$52,633</b>	<b>\$2,652,379</b>	<b>\$35,432</b>	<b>\$43,798</b>	<b>\$2,566,810</b>
State/Other Special	2,487,580	112,166	52,633	2,652,379	35,432	43,798	2,566,810
<b>Total Funds</b>	<b>\$2,487,580</b>	<b>\$112,166</b>	<b>\$52,633</b>	<b>\$2,652,379</b>	<b>\$35,432</b>	<b>\$43,798</b>	<b>\$2,566,810</b>

**Significant Present Law Adjustments -**

- Inspection and control equipment adjustments of \$98,510 for the biennium
- Brand inspector retention adjustments of \$53,388 per year

**New Proposals -**

- Brand re-record expenses for ten-year cycle including 2.00 FTE and operating expenses
- Rebind brand records to preserve historical material

08 Predator Control Section  
Marc Bridges x2045

**Program Description** - The Predator Control Program is operated by the Brands Enforcement Division. Through helicopter hunting and contracts, predators that kill or injure domestic livestock, primarily coyotes, are controlled. Also in this program is state administration of Section 8 of the federal Rangeland Improvement Act. The department acts as the Governor's representative and facilitator in the mediation process among federal agencies such as the U. S. Forest Service, the Bureau of Land Management, and state and private lessees. Section 8 allows for the review of lands covered by allotment management plans. The program work is mandated in Title 81, Chapter 7, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	1.00	.00	1.00	1.00	.00	1.00
Personal Services	223	(223)	0	0	(223)	0	0
Operating Expenses	412,201	100,000	0	512,201	100,000	0	512,201
<b>Total Costs</b>	<b>\$412,424</b>	<b>\$99,777</b>	<b>\$0</b>	<b>\$512,201</b>	<b>\$99,777</b>	<b>\$0</b>	<b>\$512,201</b>
State/Other Special	412,424	99,777	0	512,201	99,777	0	512,201
<b>Total Funds</b>	<b>\$412,424</b>	<b>\$99,777</b>	<b>\$0</b>	<b>\$512,201</b>	<b>\$99,777</b>	<b>\$0</b>	<b>\$512,201</b>

**Significant Present Law Adjustments -**

- Expand the aerial predator control contract in response to livestock industry requests

**MEAT & POULTRY INSPECTION**

10 Meat/Poultry Inspection  
Dr. Ken Lee x5202

**Program Description** - The Meat and Poultry Inspection Program within the Meat, Milk and Egg Inspection Division was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers. The Wholesome Meat Act, adopted by Congress in 1967, required all states to inaugurate and enforce a mandatory statewide meat inspection system equal to the meat inspection system maintained by the U.S. Department of Agriculture. Failure of a state to achieve the implementation of an inspection program results in a mandatory system of only federal meat inspection within the state. Applicable sections of 9 CFR 325 through 9 CFR 381.311 which set forth federal rules on meat and poultry inspection were adopted by the Department of Livestock.

**DEPARTMENT OF LIVESTOCK  
MEAT & POULTRY INSPECTION**

**5603  
10**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	15.50	.00	.00	15.50	.00	.00	15.50
Personal Services	506,280	16,193	0	522,473	14,238	0	520,518
Operating Expenses	159,825	82,157	19,468	261,450	75,983	40,268	276,076
Equipment	(480)	0	39,732	39,252	0	39,732	39,252
<b>Total Costs</b>	<b>\$665,625</b>	<b>\$98,350</b>	<b>\$59,200</b>	<b>\$823,175</b>	<b>\$90,221</b>	<b>\$80,000</b>	<b>\$835,846</b>
General Fund	331,890	49,116	14,800	395,806	45,057	25,200	402,147
State/Other Special	1,668	104	0	1,772	94	0	1,762
Federal Special	332,067	49,130	44,400	425,597	45,070	54,800	431,937
<b>Total Funds</b>	<b>\$665,625</b>	<b>\$98,350</b>	<b>\$59,200</b>	<b>\$823,175</b>	<b>\$90,221</b>	<b>\$80,000</b>	<b>\$835,846</b>

**Significant Present Law Adjustments -**

- Implement mandated salmonella testing in all inspected meat and poultry facilities
- Expand utilization of leased vehicles due to expanded responsibilities

**New Proposals -**

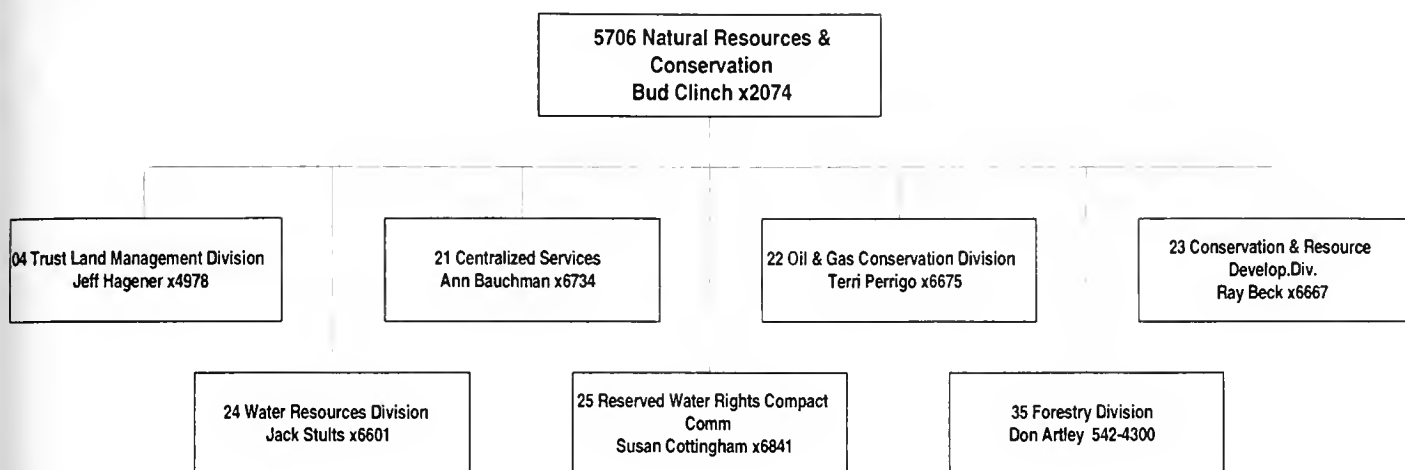
- Accept 75% federal one-time funding to implement meat inspection automation

**MILK CONTROL BUREAU**

**37 Milk Control Bureau  
Gary Hamel, Bureau Chief x4301**

**Program Description -** The Milk Control Bureau is responsible for supervising, regulating, and controlling the milk industry of the state. All matters pertaining to production, processing, storage, distribution, and sale of milk are audited. The program ensures compliance with state laws through minimum producer pricing, extension of credit, and by enforcing financing prohibitions of the law. It also collects the milk tax used to support milk regulatory and testing functions in the department.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.00	.00	.00	4.00	.00	.00	4.00
Personal Services	125,512	9,968	0	135,480	9,294	0	134,806
Operating Expenses	37,825	1,125	0	38,950	954	0	38,779
Equipment	0	950	0	950	950	0	950
<b>Total Costs</b>	<b>\$163,337</b>	<b>\$12,043</b>	<b>\$0</b>	<b>\$175,380</b>	<b>\$11,198</b>	<b>\$0</b>	<b>\$174,535</b>
State/Other Special	163,337	12,043	0	175,380	11,198	0	174,535
<b>Total Funds</b>	<b>\$163,337</b>	<b>\$12,043</b>	<b>\$0</b>	<b>\$175,380</b>	<b>\$11,198</b>	<b>\$0</b>	<b>\$174,535</b>

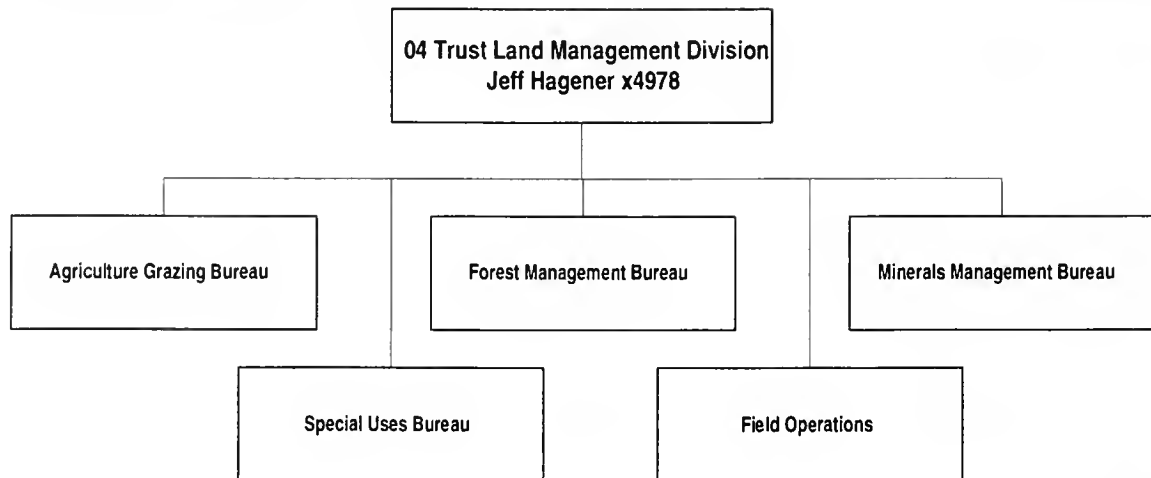


**Mission Statement** - To ensure Montana's land and water resources provide benefits for present and future generations.

#### Executive Budget Recommendations -

- Convert the primary source of funding for the Trust Lands Management Division from general fund to state special revenue by using a portion of the revenues received from administration of the state trust lands
- Recommend a \$4 million general fund biennial appropriation for a new Open Space Heritage Program to acquire, from willing sellers and donors, and interest in land, for the purpose of preserving rural landscapes and open space
- Reallocate the resource indemnity ground water tax proceeds and metal mine tax proceeds, and change distribution of the interest earnings from the resource indemnity trust to increase renewable resource and reclamation and development grants from \$5 million to \$7 million per biennium and to solve the structural imbalance in the RIT accounts
- Increase bond authority for renewable resource loans by \$10 million, in part to expand irrigated lands by 500,000 acres as a part of Vision 2005.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	493.09	1.20	7.00	501.29	1.66	7.00	501.75
Personal Services	16,724,735	1,680,496	239,049	18,644,280	1,632,985	237,393	18,595,113
Operating Expenses	7,570,812	1,335,648	1,375,447	10,281,907	1,336,094	334,626	9,241,532
Equipment	379,252	641,845	0	1,021,097	541,167	0	920,419
Capital Outlay	8,849	0	0	8,849	0	0	8,849
Local Assistance	146,000	75,000	0	221,000	75,000	0	221,000
Grants	560,763	304,000	180,000	1,044,763	304,000	180,000	1,044,763
Transfers	355,419	40,470	0	395,889	40,470	0	395,889
Debt Service	186,106	329,842	0	515,948	329,842	101,000	616,948
<b>Total Costs</b>	<b>\$25,931,936</b>	<b>\$4,407,301</b>	<b>\$1,794,496</b>	<b>\$32,133,733</b>	<b>\$4,259,558</b>	<b>\$853,019</b>	<b>\$31,044,513</b>
General Fund	13,008,145	5,297,257	794,682	19,100,084	5,211,977	705,985	18,926,107
State/Other Special	11,634,227	(1,352,125)	819,814	11,101,916	(1,419,005)	(32,966)	10,182,256
Federal Special	1,289,564	462,169	180,000	1,931,733	466,586	180,000	1,936,150
<b>Total Funds</b>	<b>\$25,931,936</b>	<b>\$4,407,301</b>	<b>\$1,794,496</b>	<b>\$32,133,733</b>	<b>\$4,259,558</b>	<b>\$853,019</b>	<b>\$31,044,513</b>



**Program Description** - The Trust Land Management Division provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands were granted to the state for the purpose of providing support to the common schools and endowed institutions of the state by achieving the greatest revenue for the trust funds, while at the same time weighing the greatest monetary return against the long-term productivity of the land to ensure continued future returns to the trusts. These lands currently total 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The Trust Land Management Division is divided into four primary programs: forest management, agriculture and grazing management, special use management, and minerals management. The division work is mandated primarily in Title 75, Chapter 1, and Title 77, Chapters 1 through 6, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	122.10	.00	2.00	124.10	.00	2.00	124.10
Personal Services	4,671,021	(47,873)	54,015	4,677,163	(69,681)	53,651	4,654,991
Operating Expenses	1,958,184	590,598	35,500	2,584,282	617,874	30,000	2,606,058
Equipment	110,085	140,966	0	251,051	53,166	0	163,251
Capital Outlay	8,819	0	0	8,819	0	0	8,819
Debt Service	7,439	0	0	7,439	0	101,000	108,439
<b>Total Costs</b>	<b>\$6,755,548</b>	<b>\$683,691</b>	<b>\$89,515</b>	<b>\$7,528,754</b>	<b>\$601,359</b>	<b>\$184,651</b>	<b>\$7,541,558</b>
General Fund	3,273,510	217,463	51,766	3,542,739	208,388	47,371	3,529,269
State/Other Special	3,401,854	433,964	37,749	3,873,567	360,752	137,280	3,899,886
Federal Special	80,184	32,264	0	112,448	32,219	0	112,403
<b>Total Funds</b>	<b>\$6,755,548</b>	<b>\$683,691</b>	<b>\$89,515</b>	<b>\$7,528,754</b>	<b>\$601,359</b>	<b>\$184,651</b>	<b>\$7,541,558</b>

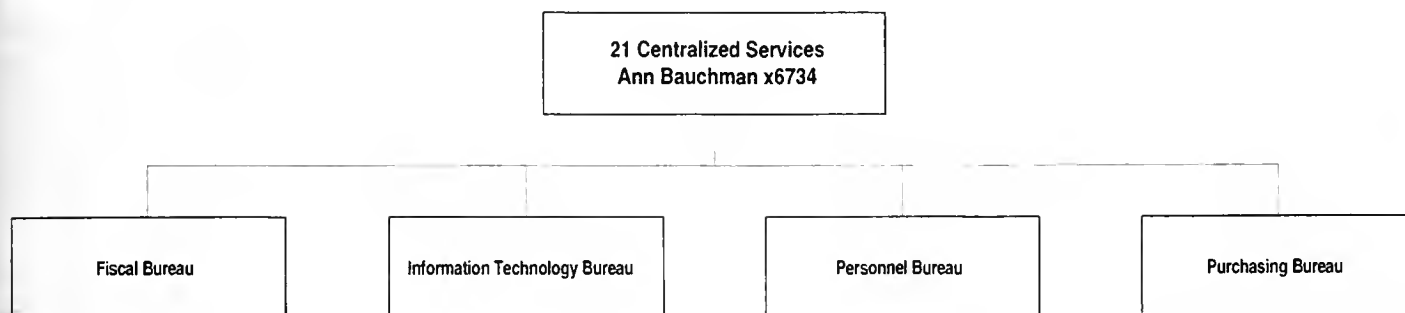
**Significant Present Law Adjustments -**

- State Forest Land Management Plan monitoring using state special revenue - An annual increase of \$140,000 state special fund in contract services operating expenses is recommended to conduct required monitoring on forested trust lands. Monitoring of water quality, range condition, road maintenance and closure status on forested trust lands is required under the State Forest Land Management Plan (SFLMP) and associated environmental impact statement. The SFLMP functions as an adaptive strategic plan and monitoring allows that usage. Harvesting timber resources today is only one of the long-term management objectives. Proper management of these lands and resources for future revenue generation opportunities requires ongoing monitoring and maintenance so that there can be appropriate adjustments to the plan.

**New Proposals -**

- Trust land management database redesign with \$600,000 InterCap loan from Board of Investments repaid with \$101,000 state special revenue a year for seven years.
- Special Use Management Bureau 2.00 FTE for leases and non-trust, state-owned real estate actions
- Implement resource management on state trust land leases using state special revenue

**CENTRALIZED SERVICES**

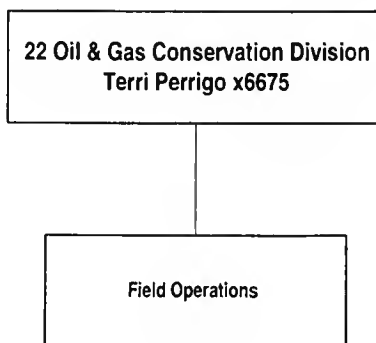


**Program Description -** The Centralized Services Division provides managerial and administrative support services to the department through the Director's Office, which includes the director, legal staff, and public information that manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception and mail. Responsibilities include trust revenue collection and distribution; and maintenance of ownership records for trust and non-trust state-owned land. The division work is mandated in Title 2, Chapter 15, and Title 77, Chapter 1, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	40.00	1.00	.00	41.00	1.00	.00	41.00
Personal Services	1,525,508	135,967	0	1,661,475	129,019	0	1,654,527
Operating Expenses	387,218	98,396	86,625	572,239	18,175	0	405,393
Debt Service	7,762	(7,762)	0	0	(7,762)	0	0
<b>Total Costs</b>	<b>\$1,920,488</b>	<b>\$226,601</b>	<b>\$86,625</b>	<b>\$2,233,714</b>	<b>\$139,432</b>	<b>\$0</b>	<b>\$2,059,920</b>
General Fund	1,249,788	606,314	83,625	1,939,727	537,564	0	1,787,352
State/Other Special	611,222	(428,747)	3,000	185,475	(435,498)	0	175,724
Federal Special	59,478	49,034	0	108,512	37,366	0	96,844
<b>Total Funds</b>	<b>\$1,920,488</b>	<b>\$226,601</b>	<b>\$86,625</b>	<b>\$2,233,714</b>	<b>\$139,432</b>	<b>\$0</b>	<b>\$2,059,920</b>

**New Proposals -**

- Electronically link 28 field offices for improved efficiency and customer service using one-time general fund



**Program Description -** The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. To meet this goal, the division: 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects, 8) operates the underground injection control program, 9) plugs orphan wells and 10) collects and maintains complete well data and production information. The powers and duties of the Board of Oil and Gas Conservation are mandated in 82-11-111, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	20.50	.00	.00	20.50	.00	.00	20.50
Personal Services	576,333	226,004	0	802,337	227,364	0	803,697
Operating Expenses	330,827	10,763	0	341,590	17,219	0	348,046
Equipment	19,878	19,878	0	39,756	0	0	19,878
Debt Service	838	(838)	0	0	(838)	0	0
<b>Total Costs</b>	<b>\$927,876</b>	<b>\$255,807</b>	<b>\$0</b>	<b>\$1,183,683</b>	<b>\$243,745</b>	<b>\$0</b>	<b>\$1,171,621</b>
State/Other Special	799,508	384,175	0	1,183,683	372,113	0	1,171,621
Federal Special	128,368	(128,368)	0	0	(128,368)	0	0
<b>Total Funds</b>	<b>\$927,876</b>	<b>\$255,807</b>	<b>\$0</b>	<b>\$1,183,683</b>	<b>\$243,745</b>	<b>\$0</b>	<b>\$1,171,621</b>

#### Significant Present Law Adjustments -

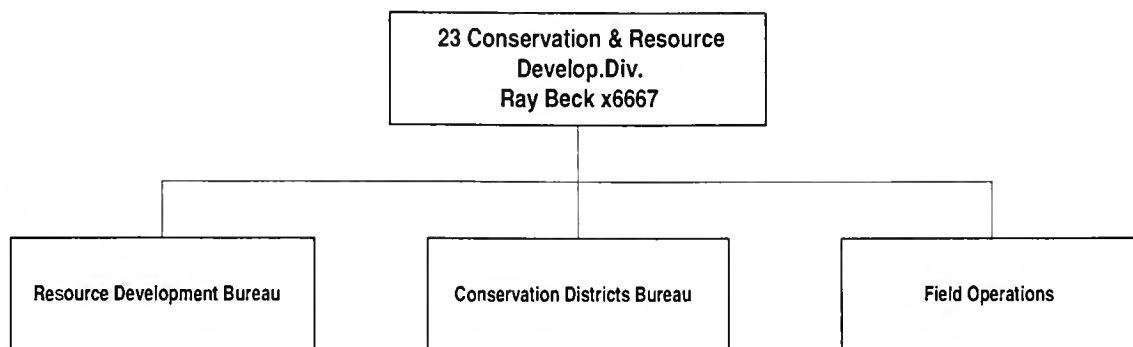
- Funding Switch in the UIC Program - Eliminates federal funds for the UIC program and increases state special revenue funds by a like amount. As has been done in previous biennia when the level of federal funding available for the UIC program was unknown, it is recommended that the following language be added to the general appropriations act in regard to UIC program funding:

"The department is authorized to decrease state special revenue money in the underground injection control program and increase federal special revenue money by a like amount when the amount of federal EPA funds available for the program becomes known. Any federal special revenue funds are to be spent before state special revenue funds."

#### New Proposals -

- Change \$10,000 of annual funding for personal services and operating in well plugging





**Program Description** - The Conservation & Resource Development Division (CARDD) helps manage natural resources and finance conservation, resource management, and reclamation activities. The division has 19.50 FTE who administer the work of the division. CARDD has two bureaus: Conservation Districts Bureau and the Resource Development Bureau.

Conservation District Bureau works on the following tasks:

- Conservation District supervision and assistance
- Rangeland Management coordination
- Grazing District supervision and assistance
- Stream protection
- Watershed efforts and projects
- Natural resource conservation education
- Riparian management
- Grant and loan programs
- Resource conservation and development (RC&D) areas
- Salinity Control

Resource Development Bureau works on the following tasks:

- Reclamation and Development Grant Program
- Renewable Resource Grant & Loan Program (public grants, private grants, emergency grants, public loans, private loans)
- State Wastewater Revolving Fund Loan Program
- Safe Drinking Water Revolving Fund Loan Program
- Treasure State Endowment Loan Program
- Conservation District Water Reservations

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	19.50	.00	3.00	22.50	.00	3.00	22.50
Personal Services	762,571	27,949	125,390	915,910	25,340	124,504	912,415
Operating Expenses	476,350	206,545	204,610	887,505	180,592	205,496	862,438
Equipment	25,658	0	0	25,658	0	0	25,658
Local Assistance	146,000	75,000	0	221,000	75,000	0	221,000
Grants	560,763	304,000	0	864,763	304,000	0	864,763
Debt Service	76,497	(79,152)	0	(2,655)	(79,152)	0	(2,655)
<b>Total Costs</b>	<b>\$2,047,839</b>	<b>\$534,342</b>	<b>\$330,000</b>	<b>\$2,912,181</b>	<b>\$505,780</b>	<b>\$330,000</b>	<b>\$2,883,619</b>
General Fund	91,903	1,071,740	330,000	1,493,643	1,070,852	330,000	1,492,755
State/Other Special	1,840,841	(628,377)	0	1,212,464	(625,992)	0	1,214,849
Federal Special	115,095	90,979	0	206,074	60,920	0	176,015
<b>Total Funds</b>	<b>\$2,047,839</b>	<b>\$534,342</b>	<b>\$330,000</b>	<b>\$2,912,181</b>	<b>\$505,780</b>	<b>\$330,000</b>	<b>\$2,883,619</b>

**New Proposals -**

\*Vision 2005, increase irrigated acres by 500,000 using one-time general fund of \$150,000 per year

\*Vision 2005, add 3.00 FTE irrigation staff

**Language Recommendations -** The division requests three language items be included in HB2 as described below:

1. **Grazing District Fees:** This language appropriation is for grazing district activities if revenues come in above estimated projections. It allows more funds to be spent on grazing district work. Revenues vary based upon the number of animal units.

"All funds held in the state special revenue account in accordance with 76-16-106(2) are appropriated to the department for administration of grazing district activities in an amount of up to \$15,000 a year for the 2001 biennium."

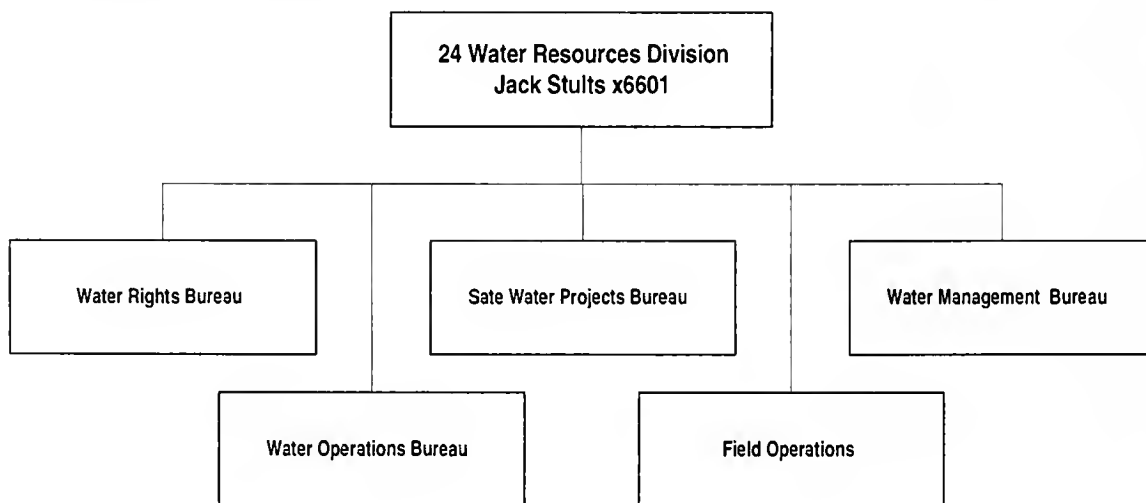
2. **Rangeland Loans:** This language appropriation is to make loans from the rangeland loan account. Because the loan applications are accepted year-round, it is difficult to project the activity. The \$700,000 limit caps the amount.

"The department is appropriated up to \$700,000 for the 2001 biennium from the account established in 76-14-112 for rangeland loans during the 2001 biennium."

3. **Prior Liens:** CARDD needs this language appropriation for its loan programs to purchase property held as loan security if a default situation should occur. There are no base expenditures for this item because no default events have occurred. A \$600,000 cap is requested.

"The department is appropriated up to \$600,000 for the 2001 biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618."

**WATER RESOURCES DIVISION**



**Program Description -** The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. The division also develops and recommends water policy to the director, Governor, and Legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau. The division work is mandated primarily in Title 85, Chapters 1, 2, 9, and 20, MCA.

**DEPT NAT RESOURCE/CONSERVATION  
WATER RESOURCES DIVISION**

**5706  
24**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	112.50	.00	2.00	114.50	.00	2.00	114.50
Personal Services	4,143,951	367,682	59,644	4,571,277	357,003	59,238	4,560,192
Operating Expenses	1,474,903	279,253	1,048,712	2,802,868	284,404	99,130	1,858,437
Equipment	10,558	1	0	10,559	1	0	10,559
Capital Outlay	30	0	0	30	0	0	30
Grants	0	0	180,000	180,000	0	180,000	180,000
Debt Service	70,847	406,025	0	476,872	406,025	0	476,872
<b>Total Costs</b>	<b>\$5,700,289</b>	<b>\$1,052,961</b>	<b>\$1,288,356</b>	<b>\$8,041,606</b>	<b>\$1,047,433</b>	<b>\$338,368</b>	<b>\$7,086,090</b>
General Fund	3,268,998	2,244,246	329,291	5,842,535	2,230,366	328,614	5,827,978
State/Other Special	2,382,084	(1,222,032)	779,065	1,939,117	(1,213,690)	(170,246)	998,148
Federal Special	49,207	30,747	180,000	259,954	30,757	180,000	259,964
<b>Total Funds</b>	<b>\$5,700,289</b>	<b>\$1,052,961</b>	<b>\$1,288,356</b>	<b>\$8,041,606</b>	<b>\$1,047,433</b>	<b>\$338,368</b>	<b>\$7,086,090</b>

**New Proposals -**

- Water rights 2.00 FTE verification inspectors for 9,000 backlog of projects from the 1980s
- Address serious seepage problems at Deadman's Basin, Nilan North and East, Ruby, and Cottonwood Dams
- With the proposed de-earmarking of the water adjudication account, it is recommended that a fund switch to general fund of \$170,935 in FY 2000 and \$170,246 in FY 2001 be approved. Because the deadline for filing of late water rights claims was two years ago, it is estimated that about \$2,500 will be generated each year of the 2001 biennium. If the proposed de-earmarking of this account is approved any revenue generated would be deposited to the general fund.
- Conduct pre-construction engineering of Bair and Nevada Creek Dams
- Enhance dam safety through education, training and emergency action plans
- Accept \$130,000 FEMA flood mitigation assistance per year and provide \$47,500 general fund match
- Broadwater Arbitration

**Language Recommendations -** The following is recommended consistent with prior biennia:

"Up to \$20,000 each year of fines collected under the provisions of Title 85, chapter 2, and deposited in the water right account in accordance with 85-2-318 are appropriated to the department to carry out the enforcement functions required under 85-2-114."

"During the 2001 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account are appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2001 biennium, up to \$20,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2001 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account are appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

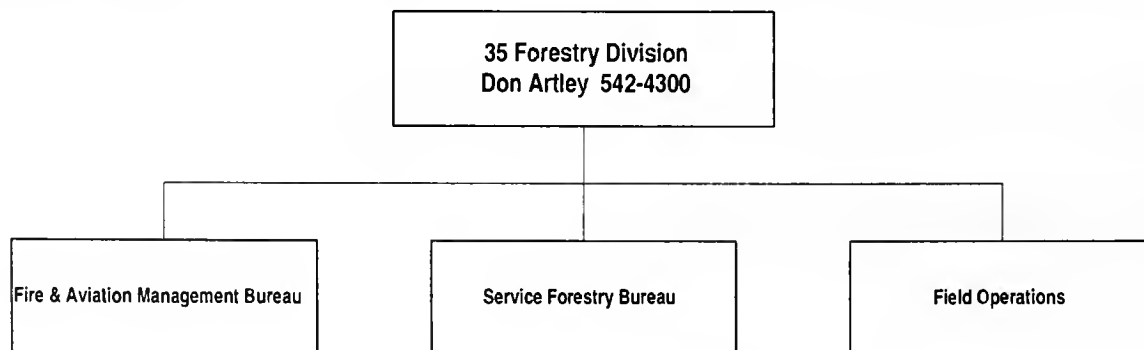
25 Reserved Water Rights Compact  
Comm  
Susan Cottingham x6841

**Program Description** - The Reserved Water Rights Compact Commission (RWRCC) was established by the Montana Legislature in 1979 as part of the state wide general stream adjudication process in Title 85 chapter 2, part of MCA. The Compact Commission is composed of nine members with four appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Legal and historical research and technical analyses are prepared for the commission by a multi-disciplinary staff of eleven professional and technical members including a program manager, two attorneys, an historical researcher, an agricultural engineer, two hydrologists, a soils scientist, a digital geographer, and two administrative staff.

The commission is authorized to negotiate settlements with federal agencies and Indian tribes that claim federal reserved water rights within the state. A federal reserved water right is a right to use water that is implied from an act of Congress, a treaty, or an executive order establishing a tribal or federal reservation. The amount of water to which the reservation is entitled depends on the purpose for which the land was reserved. In Montana, reserved water rights have been claimed for seven Indian reservations, for allotments for the Turtle Mountain Chippewa Tribe, for national parks, forests, and wildlife refuges, and for federally-designated wild and scenic rivers.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.00	.00	.00	11.00	.00	.00	11.00
Personal Services	434,789	39,156	0	473,945	38,486	0	473,275
Operating Expenses	134,420	10,178	0	144,598	11,453	0	145,873
Debt Service	1,431	(1,431)	0	0	(1,431)	0	0
<b>Total Costs</b>	<b>\$570,640</b>	<b>\$47,903</b>	<b>\$0</b>	<b>\$618,543</b>	<b>\$48,508</b>	<b>\$0</b>	<b>\$619,148</b>
General Fund	199,193	419,350	0	618,543	419,955	0	619,148
State/Other Special	371,447	(371,447)	0	0	(371,447)	0	0
<b>Total Funds</b>	<b>\$570,640</b>	<b>\$47,903</b>	<b>\$0</b>	<b>\$618,543</b>	<b>\$48,508</b>	<b>\$0</b>	<b>\$619,148</b>

## FORESTRY DIVISION



**Program Description** - The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting Montana's natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners.

Specific programs include:

1. **Fire and Aviation Management:** Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support.
2. **Forest Practice Regulation:** Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana.
3. **Administering Montana's Fire Hazard Reduction Law:** Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced.
4. **Providing Forestry Services:** Providing technical forestry assistance to private landowners, businesses and communities.
5. **Tree and Shrub Nursery:** Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The division work is mandated primarily in Titles 76 and 77, Chapter 13, and 5, respectively, MCA.

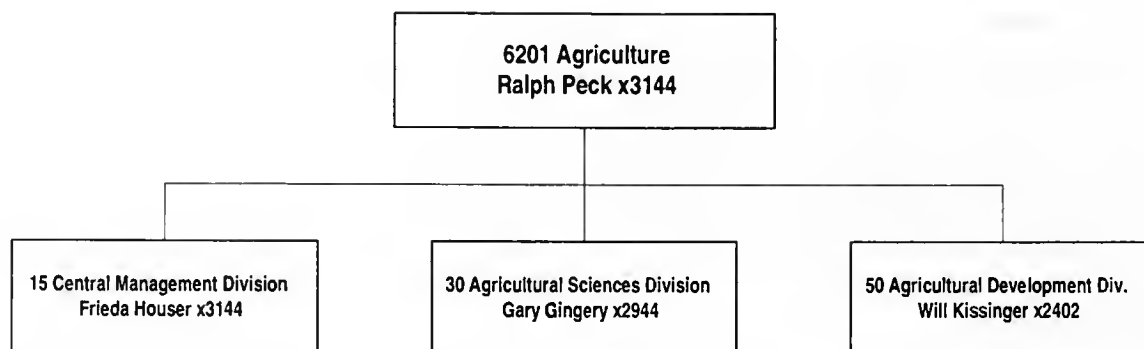
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	167.49	.20	.00	167.69	.66	.00	168.15
Personal Services	4,610,562	931,611	0	5,542,173	925,454	0	5,536,016
Operating Expenses	2,808,910	139,915	0	2,948,825	206,377	0	3,015,287
Equipment	213,073	481,000	0	694,073	488,000	0	701,073
Transfers	355,419	40,470	0	395,889	40,470	0	395,889
Debt Service	21,292	13,000	0	34,292	13,000	0	34,292
<b>Total Costs</b>	<b>\$8,009,256</b>	<b>\$1,605,996</b>	<b>\$0</b>	<b>\$9,615,252</b>	<b>\$1,673,301</b>	<b>\$0</b>	<b>\$9,682,557</b>
General Fund	4,924,753	738,144	0	5,662,897	744,852	0	5,669,605
State/Other Special	2,227,271	480,339	0	2,707,610	494,757	0	2,722,028
Federal Special	857,232	387,513	0	1,244,745	433,692	0	1,290,924
<b>Total Funds</b>	<b>\$8,009,256</b>	<b>\$1,605,996</b>	<b>\$0</b>	<b>\$9,615,252</b>	<b>\$1,673,301</b>	<b>\$0</b>	<b>\$9,682,557</b>

**Significant Present Law Adjustments -**

- Create two 20 person inmate firefighting crews at the Great Falls and Missoula regional correctional facilities
- Air Operations Fixed Costs Adjustments - HB2 requires The Office of Budget and Program Planning (OBPP) to present air operations fixed costs base budget at \$335,000 for the 2001 biennium. FY 1998 actuals were \$355,419. The Forestry Division is requesting an increase of \$40,470 each year over FY1998 actuals to fund the fixed costs of Air Operations Section, for a total general fund transfer of \$395,889.

**Language Recommendations -** As in the current biennium, the department is requesting an appropriation of \$350,000 in federal funds each year of the biennium. For the past three biennia, \$100,000 has been authorized to reimburse personnel expenditures. For the current biennium, \$250,000 has been authorized to reimburse equipment. The following language is recommended for HB2:

"Item \_ are those funds received from federal agencies and other states for the use of department personnel and equipment to assist them in managing emergency incidents, such as fire suppression activities. Only those funds received as reimbursement of personnel expenses (up to \$100,000) credited against the operational budget of the department or those funds received as payment under equipment use agreements (up to \$250,000) are considered federal fire reimbursement funds. All other funds received must be deposited in the general fund. It is the intent of the legislature that funds reimbursed for the use of department equipment be expended for the repair, maintenance, and replacement of equipment that supports the state-county cooperative fire program. The department shall report federal fire reimbursement expenditures on state accounting records, and the records must be separate from present law operations."



**Mission Statement** - To protect, enhance, and develop all agriculture in Montana; to encourage and promote production and marketing for agriculture and allied industries; and to provide protection for producers and consumers through administration and enforcement of statutes established by Montana's legislature.

**Statutory Authority** - Article XII, Section 1, Mont. Const.; Title 80, Chapters 1-15, MCA

**Executive Recommended Legislation -**

- Extend the pesticide disposal program until January 1, 2004.

**Executive Budget Recommendation -**

- Financially assist new or expanding value-added agribusiness with feasibility studies, business plans, and marketing and distribution plans.
- Support development of value-added processing, production of alternative and high value crops, transfer of production technology and market development to broaden Montana's agricultural base and increase economic output.
- Aggressively recruit new agribusinesses to Montana and promote expansion of existing agribusinesses by targeting and soliciting potential agribusinesses.
- Collect production and acreage data on alternative crops grown in Montana and publish the results annually through the Montana Agricultural Statistics Service.
- Assist new or expanding agricultural businesses through one-on-one, step-by-step consultation in product and market development, transportation efficiency and agribusiness regulatory compliance. Propose to hire two business development project manager specialists.
- Increase grants for wheat and barley research and marketing by \$300,000.
- Increase noxious weed grants to local communities by \$600,000.
- Conduct improved and expanded field and production work statewide.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	106.71	4.00	6.00	116.71	4.00	6.00	116.71
Personal Services	3,258,162	750,198	287,519	4,295,879	729,276	285,244	4,272,682
Operating Expenses	2,015,863	594,021	241,300	2,851,184	519,105	215,860	2,750,828
Equipment	98,663	290,978	0	389,641	237,634	0	336,297
Grants	2,748,459	562,640	1,000,000	4,311,099	562,640	1,000,000	4,311,099
Transfers	0	80,000	0	80,000	80,000	0	80,000
Debt Service	1,569	0	0	1,569	0	0	1,569
<b>Total Costs</b>	<b>\$8,122,716</b>	<b>\$2,277,837</b>	<b>\$1,528,819</b>	<b>\$11,929,372</b>	<b>\$2,128,655</b>	<b>\$1,501,104</b>	<b>\$11,752,475</b>
General Fund	487,799	101,615	1,528,819	2,118,233	48,175	1,501,104	2,037,078
State/Other Special	6,911,785	1,897,665	0	8,809,450	1,803,299	0	8,715,084
Federal Special	482,590	236,095	0	718,685	234,910	0	717,500
Proprietary	240,542	44,538	0	285,080	44,185	0	284,727
<b>Total Funds</b>	<b>\$8,122,716</b>	<b>\$2,279,913</b>	<b>\$1,528,819</b>	<b>\$11,931,448</b>	<b>\$2,130,569</b>	<b>\$1,501,104</b>	<b>\$11,754,389</b>

15 Central Management Division  
Frieda Houser x3144

**Program Description -** Central Management Division provides technical, fiscal, and administrative support to the department by (1) the director's office which provides overall department policy, legal services, and public information; (2) managing all financial activities including payroll, purchasing and budgeting; personnel, information technology, and asset control.

**Executive Budget Recommendation -**

- Make computer programmer/analyst a permanent position
- Increase operating expenses so the director can promote Montana agricultural products regionally, nationally, and internationally.

**Program Indicators -**

Initiate, coordinate, and participate in regional, national, and international agriculture issues to represent and promote Montana agricultural industries.

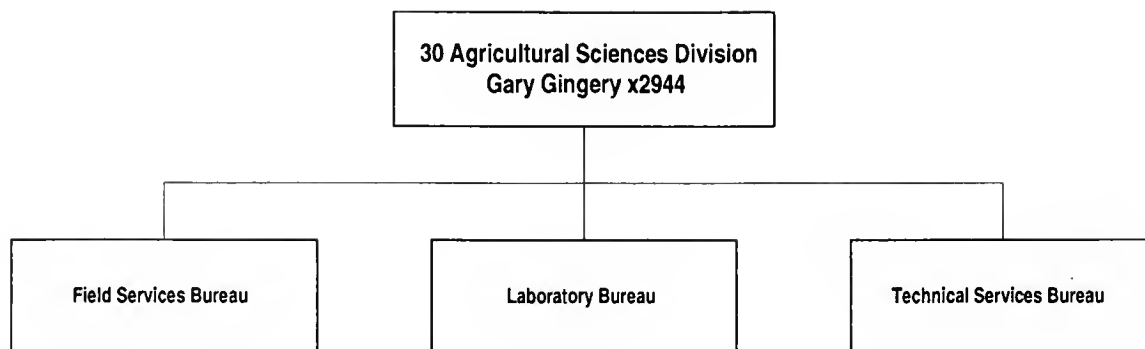
	Actual FY 96	Actual FY 97	Actual FY 98	Estimated FY 99	Requested FY00	Requested FY01
Regional/National Projects/Meetings	56	57	112	115	117	119
International Projects/Meetings	12	13	25	27	29	30

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.50	1.00	.00	12.50	1.00	.00	12.50
Personal Services	477,253	58,126	0	535,379	55,884	0	533,137
Operating Expenses	141,007	31,871	0	172,878	2,341	0	143,348
Equipment	0	26,200	0	26,200	0	0	0
<b>Total Costs</b>	<b>\$618,260</b>	<b>\$116,197</b>	<b>\$0</b>	<b>\$734,457</b>	<b>\$58,225</b>	<b>\$0</b>	<b>\$676,485</b>
General Fund	219,167	39,753	0	258,920	(8,885)	0	210,282
State/Other Special	282,478	58,115	0	340,593	50,847	0	333,325
Federal Special	88,128	12,118	0	100,246	10,583	0	98,711
Proprietary	28,487	6,211	0	34,698	5,680	0	34,167
<b>Total Funds</b>	<b>\$618,260</b>	<b>\$116,197</b>	<b>\$0</b>	<b>\$734,457</b>	<b>\$58,225</b>	<b>\$0</b>	<b>\$676,485</b>

**Significant Present Law Adjustments -**

- 1.00 FTE programmer analyst to convert DBase programs to Oracle
- Operating cost adjustments for travel, dues, equipment replacement, etc.



**Program Description -** The Agricultural Sciences Division (ASD) provides agricultural, public, and environmental services and protection through administration of Montana laws (Title 80, Chapter 4-11 and 15, MCA) and rules in the areas of pesticides, agricultural chemical ground water protection, noxious weeds, feeds, fertilizers, seed, grain commodity dealers, public warehousemen, nurseries, produce, mint, apiculture, alfalfa and leaf cutting bees, and pest management consulting, survey and quarantines. Cooperative agreements with the U.S. Department of Agriculture, Food and Drug Administration, and Environmental Protection Agency provide services and jurisdiction in the areas of interstate and international movement of plant materials and produce, monitoring of feed manufacturers and regulation of pesticide sales, use, and production. The ASD provides compliance and other services to farmers, agri-businesses and the public. The division laboratory analyzes pesticides, feeds, fertilizers and other chemicals.

**Executive Budget Recommendation -**

- Noxious Weed trust fund grants increase by \$300,00 per year
- EPA special grant funds increase by \$150,000 each year
- Produce Program adjustments of \$153 thousand
- Anhydrous ammonia, fertilizer and ag. Commodity of \$104 thousand
- Laboratory improvements and operations proposals for \$214 thousand
- Scientific and Educational Assistance proposals for \$225 thousand
- Replacement equipment adjustments of \$132 thousand

	Actual FY 96	Actual FY 97	Program Indicators - Actual FY 98	Estimated FY 99	Requested FY 00	Requested FY 01
Commercial Agricultural Products Registered	12,996	11,544	14,206	14,200	14,300	11,400
Analyses of Commercial Agricultural Products	4,532	4,147	3,711	4,704	5,190	5,520
Commodity Certificates	5,779	4,451	5,000	5,180	5,315	5,445
Noxious Weed Trust Fund Grants Awarded	111	115	135	135	150	150
Pest Quarantines and Surveys	15	16	18	19	19	19
Compliance Assistance, Education, and Inspections	1,690	1,494	1,405	1,495	1,514	1,517



Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	54.84	3.00	.00	57.84	3.00	.00	57.84
Personal Services	1,843,411	248,519	0	2,091,930	237,102	0	2,080,513
Operating Expenses	776,486	383,997	0	1,160,483	340,271	0	1,116,757
Equipment	85,758	197,978	0	283,736	143,334	0	229,092
Grants	1,740,953	300,000	0	2,040,953	300,000	0	2,040,953
<b>Total Costs</b>	<b>\$4,446,608</b>	<b>\$1,130,494</b>	<b>\$0</b>	<b>\$5,577,102</b>	<b>\$1,020,707</b>	<b>\$0</b>	<b>\$5,467,315</b>
General Fund	54,807	7,138	0	61,945	8,821	0	63,628
State/Other Special	4,015,138	929,716	0	4,944,854	817,814	0	4,832,952
Federal Special	376,663	193,640	0	570,303	194,072	0	570,735
<b>Total Funds</b>	<b>\$4,446,608</b>	<b>\$1,130,494</b>	<b>\$0</b>	<b>\$5,577,102</b>	<b>\$1,020,707</b>	<b>\$0</b>	<b>\$5,467,315</b>

#### Significant Present Law Adjustments -

- 2.00 FTE agricultural specialists for produce grading and certification
- 1.00 FTE agricultural specialist for anhydrous ammonia, fertilizer and feed
- Use noxious weed trust fund earnings to increase grants to local communities by \$300,000 each year

#### Proprietary Rates

**Program Description** -Since proprietary funds are reported in the Governor's Executive Budget in a format that coincides with the CAFR, the department has two proprietary accounting entities (06011 and 06016) being reported together.

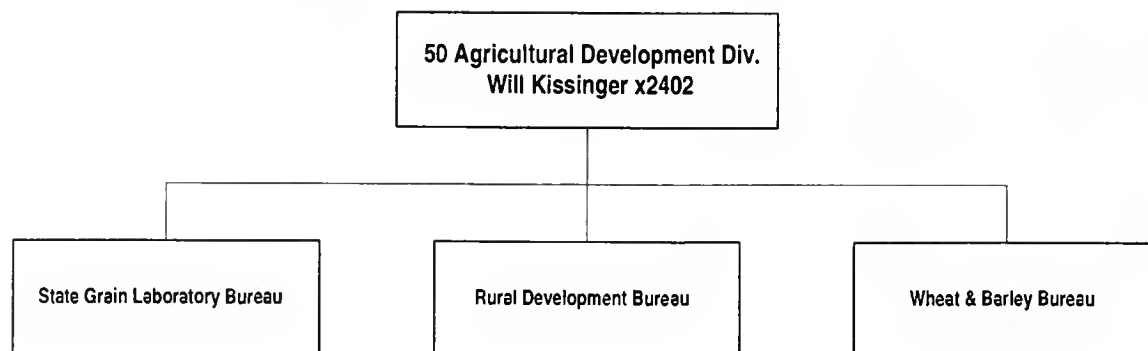
The Montana Agricultural Loan Authority (MALA) was established in 1983 to administer the Beginning Farm Loan Program enacted under 80-12-101 through 80-12-403, MCA. MALA has been inactive since the last loan was issued in 1985. The intent of MALA was to provide for issuance of private purpose tax exempt revenue bonds to facilitate the Beginning Farm Loan Program. However, the Tax Reform Act of 1984 added restrictions to the use of private purpose bonds and prevented bond counsel from issuing clear opinions concerning the tax exempt status of MALA bonds. The Tax Reform Act of 1986 further restricted the use of private purpose tax exempt revenue bonds and again clouded the tax exempt status of the bonds. As a result, lender confidence was lost and very few borrowers could qualify. Eligibility and lender trust continued to deteriorate and the department was unable to provide a self-funded program as required by legislative intent. A proprietary account is maintained on the department books to implement the tax deduction portion of the MALA which is still in effect under 80-12-211, MCA. The department receives one or two requests each year. The program allows for a Montana income tax and/or capital gains deduction up to \$50,000 to the seller of agricultural land sold to a qualifying beginning farmer or rancher. They must meet all qualifications of the program and be approved through the department. A \$25 application fee is charged to determine eligibility.

The Alfalfa Leafcutting Bee Program was established in 1981 (80-6-1101 & 2-15-3004, MCA). The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with department. Department personnel perform field and laboratory duties for the committee.

#### Revenues and Expenses -For the Alfalfa Leafcutting Bee Program:

Revenue amounts to \$3,882 per year. Laboratory fees (analyses of bee larva for pathogens [\$30] and sex ratio[\$10] [\$3,415per year], registration fees [\$15] and STIP [\$441]). Total cash available at FYE 1998 was \$8,814. There are no FTE funded; however, overtime paid to the entomologist position for laboratory work was \$2,906 per year and per diem for two committee members for three meetings per year was \$150. Operation costs are projected at \$1,887 for FY 2000 and \$1,888 FY 2001.

For the farm loans, a \$25 application fee was collected in FY 1998 for the tax deduction portion of the Montana Agricultural Loan Authority (80-12-211, MCA).



**Program Description -** The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement, in accordance with Title 80 and 90, MCA. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agriculture Development Council, and the Board of Hail Insurance. The division is comprised of the Rural Development, Wheat and Barley, and State Grain Laboratory Bureaus. The State Grain Laboratory provides grades, protein determinations, malting barley germinations, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

**Executive Budget Recommendation -**

- Adopt Vision 2005 at a one-time-only general fund cost of about \$3 million

**Program Indicators -**

Indicator	Actual FY1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Wheat & Barley:						
Market Info Requests	160	171	197	220	250	280
Research & Mktg Projects	67	75	78	70	71	71
Foreign Trade Delegation Representatives	62	64	39	46	60	60

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	40.37	.00	6.00	46.37	.00	6.00	46.37
Personal Services	937,498	443,553	287,519	1,668,570	436,290	285,244	1,659,032
Operating Expenses	1,098,370	178,153	241,300	1,517,823	176,493	215,860	1,490,723
Equipment	12,905	66,800	0	79,705	94,300	0	107,205
Grants	1,007,506	262,640	1,000,000	2,270,146	262,640	1,000,000	2,270,146
Transfers	0	80,000	0	80,000	80,000	0	80,000
Debt Service	1,569	0	0	1,569	0	0	1,569
<b>Total Costs</b>	<b>\$3,057,848</b>	<b>\$1,031,146</b>	<b>\$1,528,819</b>	<b>\$5,617,813</b>	<b>\$1,049,723</b>	<b>\$1,501,104</b>	<b>\$5,608,675</b>
General Fund	213,825	54,724	1,528,819	1,797,368	48,239	1,501,104	1,763,168
State/Other Special	2,614,169	909,834	0	3,524,003	934,638	0	3,548,807
Federal Special	17,799	30,337	0	48,136	30,255	0	48,054
Proprietary	212,055	38,327	0	250,382	38,505	0	250,560
<b>Total Funds</b>	<b>\$3,057,848</b>	<b>\$1,033,222</b>	<b>\$1,528,819</b>	<b>\$5,619,889</b>	<b>\$1,051,637</b>	<b>\$1,501,104</b>	<b>\$5,610,589</b>

**Significant Present Law Adjustments -**

- Wheat and Barley equipment and operating costs increases total nearly \$457 thousand
- State Grain Lab personal services and equipment adjustments total \$469,701 state special revenue

- Ag Development Council support for foreign trade is more than \$400,000 state special revenue
- Ag marketing expansion requires \$15,000 general fund with USDA grants

**New Proposals -**

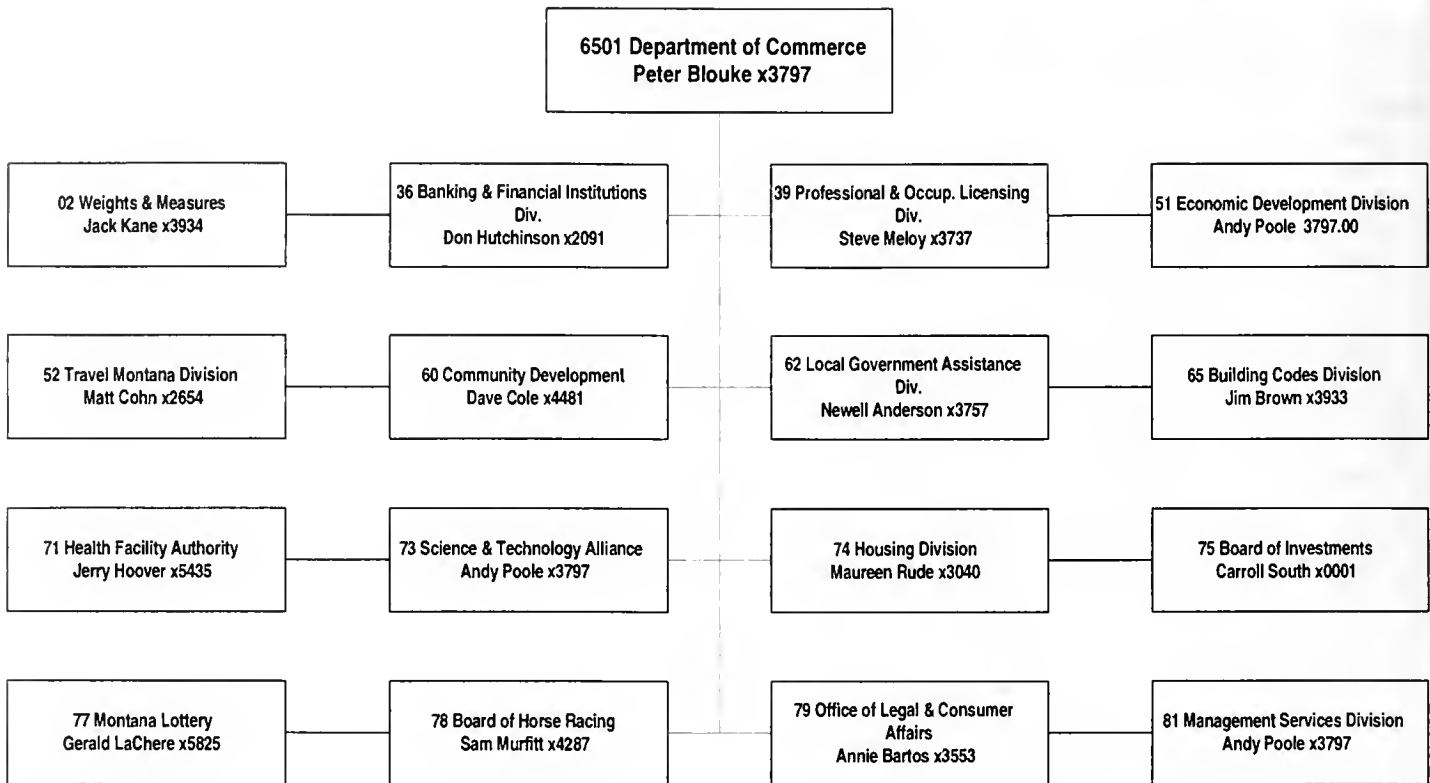
- Vision 2005, Agribusiness Development - This recommendation will provide \$1 million general fund each year for one-time grants and special projects through the Agriculture Development Council

The purpose of this proposal is to authorize the Agriculture Development Council to provide financial assistance to Montana value-added agribusinesses in three areas crucial to the success of value-added businesses--feasibility studies, business plans, and marketing and distribution plans. The assistance will be provided in three progressive stages: 1) assist potential value-added agribusinesses to conduct business and/or product feasibility studies; 2) based on a favorable feasibility study, assist with development of a business plan; and 3) based on a strong business plan, assist with developing a marketing and distribution plan. Continued assistance at any stage will be contingent upon successful completion and favorable evaluation of prior feasibility studies and/or business plans. Assistance may also be provided to applicants to meet necessary state and federal permitting requirements. Applicants must provide matching funds.

- Vision 2005, Business Development and Assistance - This recommendation is for an additional 2.25 FTE and associated operating expenses as a one-time-only pilot. One major objective of the Governor's Vision 2005 Task Force is to develop Montana's agribusinesses. This proposal is to assist, on a one-on-one individual basis new or expanding agricultural businesses in developing markets, improving transportation efficiencies, dealing with business regulatory compliance, and supporting the increased production of cattle, hogs and sheep through more efficient production methods. To perform these functions, the department is proposing to hire two business development project manager specialists and fund one-quarter of an administrative support position. These positions will work very closely with Montana's agricultural industry and existing economic development specialists in the Montana Department of Commerce to achieve the goals of Vision 2005.
- Vision 2005, Market Development - This recommendation is for 2.50 FTE and associated operating expenses as a one-time pilot to conduct the marketing functions identified by the Governor's Vision 2005 Task Force, specifically to promote and support increased value-added processing in Montana; facilitate and promote increased production of alternative and high value crops as well as more efficient production and marketing of cattle, sheep and hogs; facilitate the efficient transfer of production technology; and promote niche markets for Montana products and commodities. To perform these functions, the department is proposing to hire two marketing specialists with expertise in these areas, and also fund one-half of an administrative support position. These positions will work very closely with Montana's agricultural industry and existing economic development specialists in the Governors Office, the Montana Department of Commerce, and the university system to achieve the goals of Vision 2005.

Montana's agricultural industry is in a transitional stage. As a result of the federal Freedom to Farm Act, changes in domestic and international market trends, and low cattle, hog, sheep and grain prices, Montana's agricultural industry faces tremendous challenges and as well as opportunities as it moves into the next century. Montanans must actively work together to implement measures to overcome the challenges and take advantage of the opportunities. In response to this need, Governor Racicot held the Governor's Conference on Agriculture January 7, 1998, with the purpose of identifying these challenges and opportunities, as well as identifying steps needed to address the issues. A major identified need was to increase and enhance the market value of Montana's agricultural products so as to stabilize and increase the income of Montana's farmers and ranchers. The Vision 2005 initiative, which came out of the conference, has the goal to double the economic value of Montana's agricultural output by the year 2005.

- Vision 2005, Agribusiness Expansion and Recruitment - This recommendation is for 1.25 FTE and the associated operating expenses as a one-time-only (OTO).



**Mission Statement** - To enhance the quality of life in the state by working with our economic and community development partners to foster diversification of the economic base through business creation, expansion, and retention; improvement of infrastructure; and providing a reasonable, customer-oriented, regulatory environment.

In support of this mission, the Department of Commerce is committed to:

- Working in partnership with our customers who are economic development organizations, businesses, communities, governmental entities, elected officials, and the public to improve the state's economy
- Enhancing the Montana economy through promotion of tourism
- Promoting access to new markets, both foreign and domestic, for Montana goods and services
- Facilitating the growth and health of responsible business enterprises
- Providing grants and technical assistance to develop and improve public infrastructure and housing opportunities
- Creating regulatory environment for industries, professionals, and consumers that maintains public confidence, security, service integrity and stability
- Pursuing regulatory objectives in a manner that minimizes the costs and complexities of regulation without sacrificing quality
- Treating fellow employees, volunteers, and customers fairly and equally

**Statutory Authority** - Title 2, Chapter 15, part 18, MCA, Department of Commerce; Title 2, Chapter 15, part 3015, MCA, Agriculture Development Council; Title 37, Chapter 1, part 1, MCA, duties and authority of department, director, and boards; and Title 90, Chapter 1, part 1, MCA, planning and economic development.

#### **Executive Budget Recommendation -**

- Continue Oracle database conversion for licensing boards
- Support general fund match for increase in federal funds for small business development centers
- Help small businesses compete for federal research and development funding, develop their markets both in this country and abroad, and improve business management skills of rural and Native American small business owners by supporting small business innovative research technical assistance
- Increase funding for NxLevel entrepreneurship training
- Contract for a Canadian trade officer and provide additional funding for the Tapei Trade Office in Taiwan
- Promote Montana businesses on the Internet
- Establish grants for leadership training for citizens involved in local economic development activities

- Support School to Work
- Provide general fund grants to local economic development organizations
- Continue support of technology transfer-manufacturing extension
- Expand coal board project funding for community requests

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	194.81	4.00	12.25	211.06	4.00	13.25	212.06
Personal Services	5,937,674	1,430,772	418,664	7,787,110	1,397,695	444,784	7,780,153
Operating Expenses	7,012,937	2,636,553	1,010,658	10,660,148	1,946,635	965,553	9,925,125
Equipment	371,272	(174,572)	0	196,700	(122,347)	0	248,925
Grants	27,187,664	5,959,827	8,537,847	41,685,338	6,461,510	10,955,234	44,604,408
Benefits & Claims	9,701	0	0	9,701	0	0	9,701
Debt Service	6,239	5,615	0	11,854	2,869	0	9,108
<b>Total Costs</b>	<b>\$40,525,487</b>	<b>\$9,858,195</b>	<b>\$9,967,169</b>	<b>\$60,350,851</b>	<b>\$9,686,362</b>	<b>\$12,365,571</b>	<b>\$62,577,420</b>
General Fund	1,777,920	662,043	1,405,000	3,844,963	670,399	1,405,000	3,853,319
State/Other Special	10,291,436	3,817,676	70,526	14,179,638	2,875,654	69,785	13,236,875
Federal Special	28,456,131	5,378,476	8,491,643	42,326,250	6,140,309	10,890,786	45,487,226
<b>Total Funds</b>	<b>\$40,525,487</b>	<b>\$9,858,195</b>	<b>\$9,967,169</b>	<b>\$60,350,851</b>	<b>\$9,686,362</b>	<b>\$12,365,571</b>	<b>\$62,577,420</b>

## WEIGHTS &amp; MEASURES PROGRAM

02 Weights & Measures  
Jack Kane x3934

**Program Description** - Responsible for licensing, testing, inspecting, and calibrating all weighing and measuring devices. In addition, the program is responsible for maintaining minimum specifications of all petroleum products, licensing all petroleum dealers in Montana, and enforcing laws and regulations relating to quantity of all prepackaged commodities in accordance with Title 30, Chapter 12 and Title 82, Chapter 15, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.00	.00	.00	11.00	.00	.00	11.00
Personal Services	373,136	7,175	0	380,311	5,750	0	378,886
Operating Expenses	160,766	4,386	0	165,152	3,333	0	164,099
Equipment	41,390	45,610	0	87,000	35,610	0	77,000
<b>Total Costs</b>	<b>\$575,292</b>	<b>\$57,171</b>	<b>\$0</b>	<b>\$632,463</b>	<b>\$44,693</b>	<b>\$0</b>	<b>\$619,985</b>
State/Other Special	575,292	57,171	0	632,463	44,693	0	619,985
<b>Total Funds</b>	<b>\$575,292</b>	<b>\$57,171</b>	<b>\$0</b>	<b>\$632,463</b>	<b>\$44,693</b>	<b>\$0</b>	<b>\$619,985</b>

36 Banking & Financial Institutions  
Div.  
Don Hutchinson x2091

**Program Description -** Responsible for the supervision, regulation and examination of state-chartered banks, savings and loans, and credit unions; consumer loan and sales finance companies; escrow companies; and foreign capital depositories in accordance with Title 32, MCA. Specified lending areas of the Board of Investments are also examined annually. The purpose of the supervisory function is to investigate the methods of operation and determine whether or not these institutions are operating in a safe and sound manner. Responsibilities are mandated primarily in Titles 2, 31, and 32, MCA.

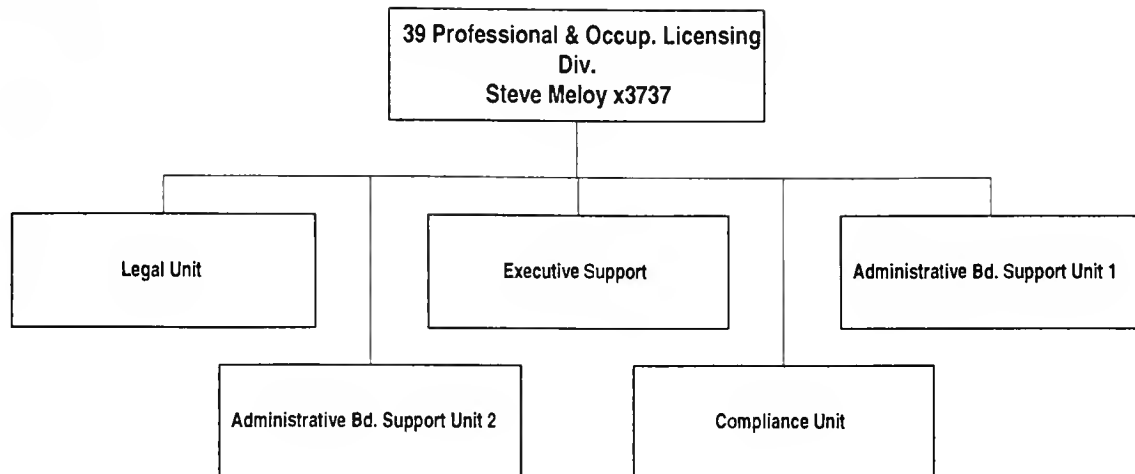
**Program Indicators -**

Indicators	Actual 1996	Actual 1997	Actual 1998	Estimated 1999	Requested 2000	Requested 2001
Examinations performed	53	44	48	50	237	242
Licenses issued	195	337	459	442	467	480

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	25.25	3.00	.00	28.25	3.00	.00	28.25
Personal Services	775,310	242,368	0	1,017,678	239,220	0	1,014,530
Operating Expenses	341,613	165,629	0	507,242	185,812	0	527,425
Equipment	20,441	(20,441)	0	0	(20,441)	0	0
<b>Total Costs</b>	<b>\$1,137,364</b>	<b>\$387,556</b>	<b>\$0</b>	<b>\$1,524,920</b>	<b>\$404,591</b>	<b>\$0</b>	<b>\$1,541,955</b>
State/Other Special	1,137,364	387,556	0	1,524,920	404,591	0	1,541,955
<b>Total Funds</b>	<b>\$1,137,364</b>	<b>\$387,556</b>	<b>\$0</b>	<b>\$1,524,920</b>	<b>\$404,591</b>	<b>\$0</b>	<b>\$1,541,955</b>

**Language Recommendations -** The following language is recommended for HB2:

"The department is appropriated in each of the fiscal years 2000 and 2001 up to \$1,000,000 of state special revenue that is deposited in the account established for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205."



**Program Description** - Provides the administrative and clerical services required by the 38 licensing and regulatory boards authorized by statute as well as other professional licensing. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing legal staff and investigators to investigate legal infractions. The work is mandated in Title 2, Chapter 15, part 18, and Titles 23, 37, 39, and 50, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	28.53	2.00	1.00	31.53	2.00	1.00	31.53
Personal Services	842,442	293,485	42,339	1,178,266	288,091	41,661	1,172,194
Operating Expenses	3,259,017	1,268,134	28,187	4,555,338	595,629	28,124	3,882,770
Benefits & Claims	9,701	0	0	9,701	0	0	9,701
Debt Service	3,145	4,403	0	7,548	1,657	0	4,802
<b>Total Costs</b>	<b>\$4,114,305</b>	<b>\$1,566,022</b>	<b>\$70,526</b>	<b>\$5,750,853</b>	<b>\$885,377</b>	<b>\$69,785</b>	<b>\$5,069,467</b>
State/Other Special	4,114,305	1,566,022	70,526	5,750,853	885,377	69,785	5,069,467
<b>Total Funds</b>	<b>\$4,114,305</b>	<b>\$1,566,022</b>	<b>\$70,526</b>	<b>\$5,750,853</b>	<b>\$885,377</b>	<b>\$69,785</b>	<b>\$5,069,467</b>

**Significant Present Law Adjustments -**

- Continue Oracle database conversion for the remaining licensing boards to standardize procedures and various application forms

**New Proposals -**

- Add 1.00 FTE Compliance Specialist as a result of passage of HB598 to respond to additional workload.
- Change funding for licensing specialists to proprietary to match other positions in the POL pool

**Proprietary Rates**

**Program Description** -The POL Division is charged with licensing and regulating persons engaged in specific professions and occupations as designated by the legislature. By statute, the 36 professional licensing boards and regulatory occupational licensing programs are empowered to protect the health, safety, and welfare of the citizens of Montana; adopt rules to conduct business; set procedures; discipline peers; evaluate potential licensees; hold oral interviews; evaluate continuing education programs; hold hearings for disciplinary action; and work in conjunction with associations to maintain high standards of excellence for the regulated professions and occupations within the state. The division typically issues over 65,000 professional and occupational licenses annually.

The division provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing boards and occupational programs authorized by state statutes. Services provided include corresponding with the public and licensees; processing applications for licensees; issuing licenses granted by the boards and programs; renewing licenses; requiring and enforcing continuing education credits for licensees where specified by law; levying fines under the jurisdiction of appropriate boards and programs; inspecting businesses where appropriate; and taking minutes of board meetings and hearings. The division also arranges for meeting and/or examination facilities for each board and licensing program; administers and grades examinations where required; provides legal staff, investigators and inspectors to investigate legal infractions upon requests from the boards and programs; and initiates disciplinary actions and other legal actions against licensees and unlicensed practitioners. These administrative support functions enable the boards and programs to provide effective and efficient services to the public.

**Boards**

Alternative Health Care Board	Board of Architects
Board of Athletics	Board of Barbers
Board of Chiropractors	Board of Clinical Laboratory Science Practitioners
Board of Cosmetologists	Board of Dentistry
Board of Funeral Service	Board of Hearing Aid Dispensers
Board of Landscape Architects	Board of Medical Examiners
Board of Nursing	Board of Nursing Home Administrators
Board of Occupational Therapy Practice	Board of Optometry
Board of Outfitters	Board of Pharmacy
Board of Physical Therapy Examiners	Board of Plumbers
Board of Psychologists	Board of Public Accountants
Board of Radiologic Technologists	Board of Real Estate Appraisers
Board of Realty Regulation	Board of Respiratory Care Practitioners
Board of Sanitarians	Board of Social Work Examiners and Professional Counselors
Board of Veterinary Medicine	State Electrical Board
Board of Private Security Patrol Officers and Investigators	
Board of Professional Engineers & Professional Land Surveyors	
Board of Social Work Examiners and Professional Counselors	
Board of Speech-Language Pathologists and Audiologists	

**Programs**

Boiler Operators/Engineers	Crane/Hoisting Operators
Chemical Dependency Counselors	Fire Prevention & Permitting
Construction Blasters	

**Revenues and Expenses** -The revenue objective of the POL Pool is to assess the common costs of operations to the special revenue accounts on an equitable basis.

**Rate Explanation** -Recharges are allocated to the state special revenue accounts based upon requested appropriations, less any program direct personal services amounts, for each program. Minor adjustments are made to appropriations for programs that pay for their own office space rent (board of medical examiners, board of nursing and board of outfitters). Recharges are calculated by totaling all adjusted state special revenue accounts. Based on the total, a percentage is calculated for each state special revenue account to determine a percentage rate. That rate is then multiplied by the total recharge revenue amount to determine the recharge assessment to each program.

There has been no significant change in the services provided by the POL Pool to supported boards and licensing programs, or significant change in fees from the last biennium. (1999 Biennium (FY 1998 - 33.68%) (FY 1999 - 33.38%) and 2001 Biennium (FY 2000 - 35.61% and FY 2001 - 35.68%) There are 33.25 FTE funded through recharges to supported boards and occupational licensing programs in FY 1999.

The revenue objective of the POL Pool is to assess the common costs of operations to the special revenue accounts on an equitable basis while attempting to maintain a reasonable working capital reserve. Recharges are accessed to supported boards and occupational licensing programs on a quarterly basis. Since are accessed on a quarterly basis it is necessary to maintain a reasonable working capital reserve. During FY 1995, FY 1996, and FY 1997 the POL Pool



charged a recharge rate lower than actual expenditures. The department, with legislative approval, did this to decrease what was considered a high unreserved fund balance. These efforts were successful as can be shown on the report on internal service and enterprise funds, 2001 biennium. The recharge rates proposed for the 2001 biennium are the most reasonable and appropriate because they most closely match the fees commensurate with cost philosophy, while maintaining a reasonable working capital reserve.

At the proposed recharge rate of 35.61% for FY 2000 and 35.68% for FY 2001, the projection is for a FY 2001 ending unreserved fund balance of approximately \$253,000.

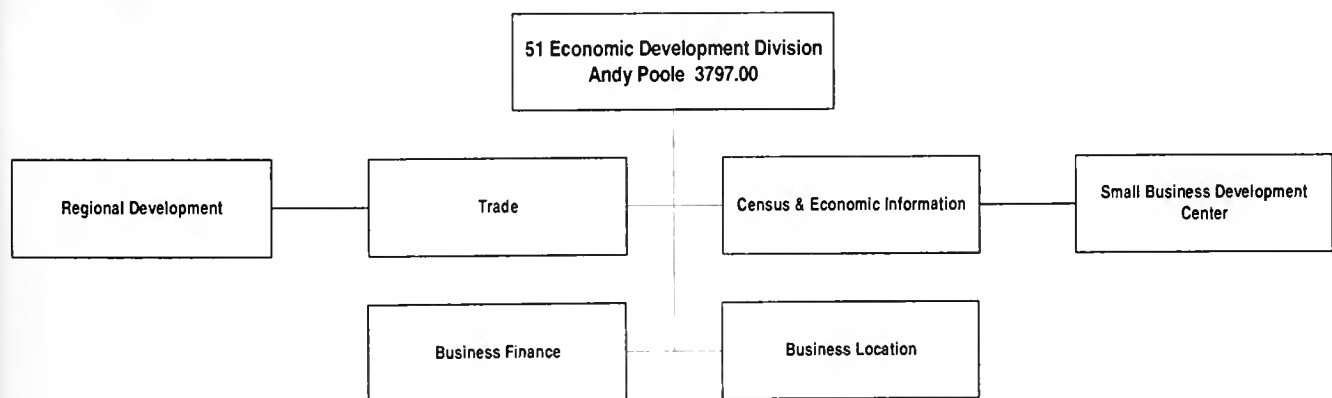
#### Significant Present Law –

- 1.50 FTE transferred from Lottery - The 1.50 FTE will be used by the POL pool to administer licensing programs and for compliance work. Licensing activities continue to increase and compliance issues to create work that is not currently addressed in a timely fashion.
- Indirect and administrative costs

#### New Proposals –

- Add 1.00 FTE as a result of passage of HB598 to respond to additional workload - Due to increased workload, the division has been reorganized and a compliance unit has been created to deal with compliance issues. The compliance unit supervisor position will direct an investigative staff of 16 employees. In addition to maintaining a caseload, the supervisor will provide supervision, act as liaison between legal staff and boards with the ultimate goal of efficient use of resources for the processing of over 1000 complaints annually. The is for \$42,403 in FY 2000 and \$42,253 in FY2001.
- Change funding for licensing specialists to proprietary to match other positions in the POL pool - All licensing specialist positions and program specialists positions are paid for by the proprietary fund except for these two positions for the State Electrical Board, Board of Plumbers, and the Chemical Dependency Counselor Program. These positions were transferred to the division and the funding level was attached to the state special revenue funds. Changing the source of funding will allow the division greater flexibility in assigning work loads and will bring continuity of funding to all positions. The transfer of the program specialist for the Chemical Dependency Counselor Program will also reduce the amount taken from the alcohol fund.

## ECONOMIC DEVELOPMENT DIVISION



**Program Description -** The division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with economic and community development partners, other department divisions, state agencies, and federal and private programs, the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts. Technical and financial assistance and relationships with local development groups, chambers, and similar organizations provide a springboard to help Montana communities develop their full economic potential. Programs include:

**Regional Development** - Provides support and direct assistance to local and regional development efforts by working with key businesses and local, regional, state, and federal organizations to identify economic and community development needs and priorities and to assist with solutions by leveraging available resources.

**Trade** - Provides representation, information, and technical assistance to Montana businesses desiring to pursue both worldwide and domestic trade opportunities. The program works to increase Montana's export sales, international tourism, and inward investment, serving mainly small and medium-sized firms new to international and national markets. The program also serves as the protocol and international cultural liaison for the Governor's Office and the Department of Commerce. Contract overseas offices are maintained in Taiwan at the Taipei World Trade Center and in the prefectural offices of Montana's sister-state Kumamoto, Japan.

**Census and Economic Information Center** - Assists the businesses and communities of Montana in achieving economic and social prosperity by providing comprehensive demographic, economic, business data, and information and technical assistance to all requesters.

**Small Business Development Centers** - Responsible for helping Montana's potential and existing businesses develop, survive, and prosper by providing information, knowledge, and technical assistance through group training and one-on-one business counseling.

**Business Finance** - Responsible for administering several state and federal loan programs targeting business financial needs that are not fully being met by the private financial sector. Financing programs include the Community Development Block Grant Loan Program, Microbusiness Finance Program, and the JOB Investment Act Loan Program.

**Business Location** - Seeks to promote a stronger and more diverse Montana economy through the attraction of expanding and relocating firms to Montana locations. The program primarily focuses on attracting firms which serve non-local markets, except where in-state demand for goods and services is not currently met by in-state providers. Responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1, MCA.

**Executive Budget Recommendation -**

- Support Small Business Innovative Research technical assistance to help small businesses compete for federal research and development funding
- Provide marketing technical assistance to small businesses on strategies to help develop their markets both in this country and abroad
- Matching for increased federal funds to support Small Business Development Centers
- Coordinate international trade relations and provide additional funding for the Tapei Trade Office in Taiwan.
- Promote Montana businesses on the Internet and provide printed materials
- Provide leadership training and technical assistance to maintain and increase the number of citizens involved in local economic development activities
- Support School to Work Program
- Provide local economic development organizations with matching grants
- Increase funding for NxLevel Entrepreneurship Training for new businesses and programs in high schools
- Provide micro-loan technical assistance to businesses and individuals through federal grants

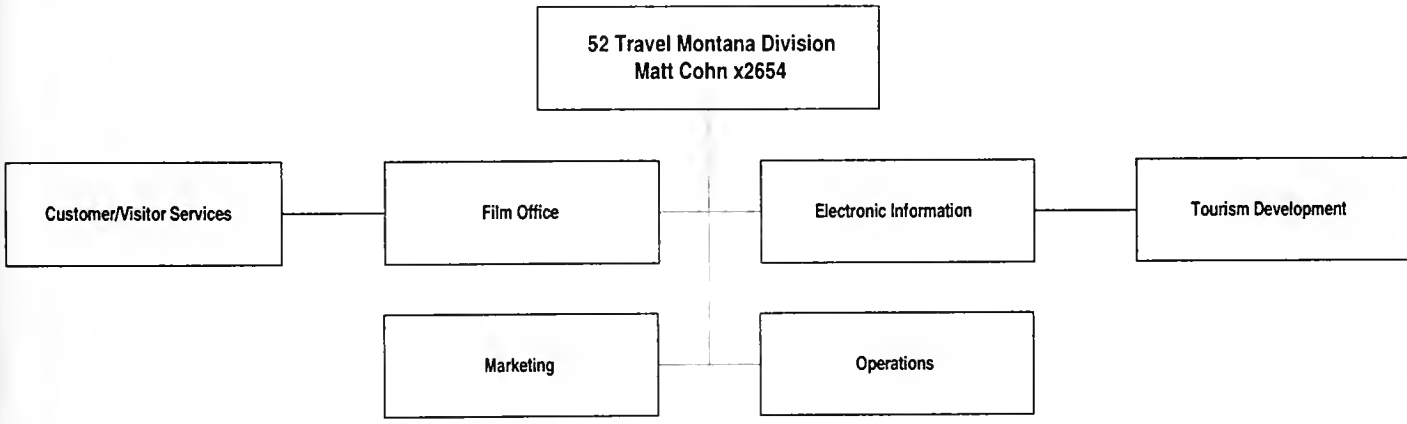
Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01
FTE	26.50	.00	5.25	31.75	.00	5.25	31.75	31.75
Personal Services	821,783	227,725	199,845	1,249,353	223,133	198,449	1,243,365	2,492,718
Operating Expenses	799,727	586,730	863,508	2,249,965	593,292	861,637	2,254,656	4,504,621
Equipment	13,700	0	0	13,700	14,225	0	27,925	41,625
Grants	2,926,203	0	466,647	3,392,850	0	469,914	3,396,117	6,788,967
Debt Service	120	0	0	120	0	0	120	240
<b>Total Costs</b>	<b>\$4,561,533</b>	<b>\$814,455</b>	<b>\$1,530,000</b>	<b>\$6,905,988</b>	<b>\$830,650</b>	<b>\$1,530,000</b>	<b>\$6,922,183</b>	<b>\$13,828,171</b>
General Fund	964,907	543,654	1,405,000	2,913,561	559,754	1,405,000	2,929,661	5,843,222
State/Other Special	163,886	50,825	0	214,711	50,832	0	214,718	429,429
Federal Special	3,432,740	219,976	125,000	3,777,716	220,064	125,000	3,777,804	7,555,520
<b>Total Funds</b>	<b>\$4,561,533</b>	<b>\$814,455</b>	<b>\$1,530,000</b>	<b>\$6,905,988</b>	<b>\$830,650</b>	<b>\$1,530,000</b>	<b>\$6,922,183</b>	<b>\$13,828,171</b>

- Significant Present Law Adjustments -**
- Increase in federal funds that are dependent upon matching for Small Business Development Centers
  - Technology transfer-Manufacturing Extension Center at MSU matching funding

- New Proposals -**
- Provide local economic development organizations with matching grants from the general fund
  - Support Small Business Innovative Research technical assistance to help small businesses compete for federal research and development funding
  - Provide marketing technical assistance to small businesses on strategies to help develop their markets both in this country and abroad
  - Increase funding for NxLevel Entrepreneurship Training for new businesses and entrepreneur programs in high schools
  - Contract for a Canadian trade officer to coordinate international trade relations and provide additional funding for the Tapei Trade Office in Taiwan
  - Establish printed and Internet materials for promotion of Montana businesses
  - Establish grants to smaller communities to assist in leadership training and provide technical assistance to maintain and increase the number of citizens involved in local economic development activities.
  - Establish federal grants to provide micro-loan technical assistance to improve business management skills of rural and Native American small business owners.

**Language Recommendations -** The following language is recommended for HB2:  
"The department may allocate appropriations among OTO items provided the total authority for all these items does not exceed the established appropriations."

**TRAVEL MONTANA DIVISION**

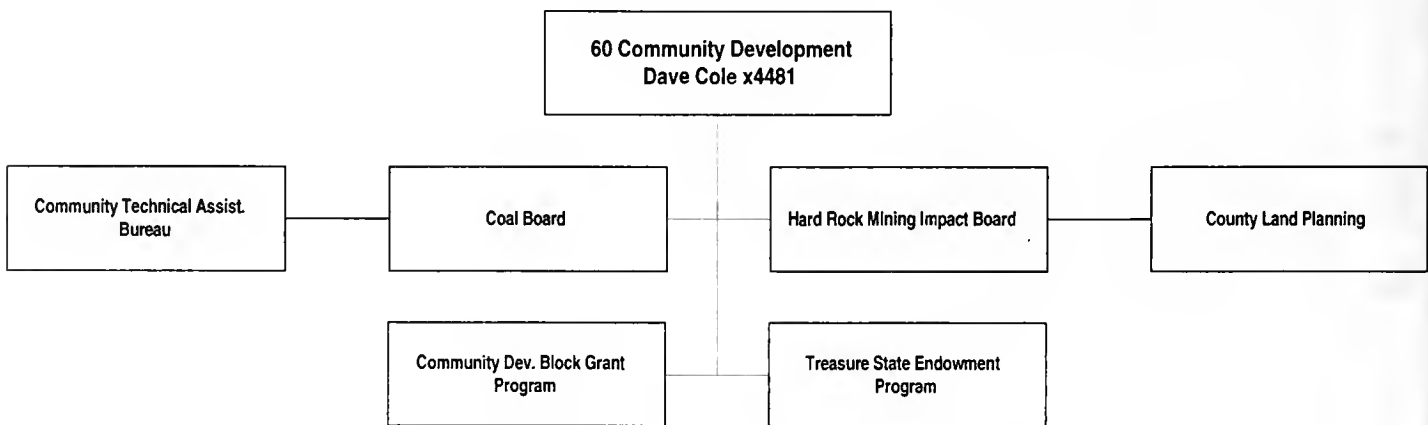


**Program Description -** The division strives to strengthen Montana's economy through increased visitor travel, visitor expenditures, and the filming of motion pictures and commercials in the state primarily mandated in Title 15, Chapter 65 and Title 2, Chapter 15, MCA. The division works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies. The division is funded primarily by the statutorily appropriated lodging facility use tax and uses these monies to provide training and assistance to the Montana tourism industry, administer and distribute infrastructure grants, and oversee expenditures of six regional non-profit corporations and the nine specific cities where lodging facility use tax collections exceed \$140,000. The division works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	649,999	95,940	0	745,939	100,001	0	750,000
<b>Total Costs</b>	<b>\$649,999</b>	<b>\$95,940</b>	<b>\$0</b>	<b>\$745,939</b>	<b>\$100,001</b>	<b>\$0</b>	<b>\$750,000</b>
State/Other Special	649,999	95,940	0	745,939	100,001	0	750,000
<b>Total Funds</b>	<b>\$649,999</b>	<b>\$95,940</b>	<b>\$0</b>	<b>\$745,939</b>	<b>\$100,001</b>	<b>\$0</b>	<b>\$750,000</b>

**Significant Present Law Adjustments -**

- Accomplish infrastructure special projects from accommodations tax
- Participate in cooperative marketing campaigns with the private sector



**Program Description -** The bureau is responsible for providing technical assistance to county and municipal planning boards, zoning commissions, parks or recreational boards, community development groups, human resource development agencies, private developers, and the public in public facilities planning and financing; land use and comprehensive planning; community development and financing; coal and hard rock mining impact mitigation; and general local government research.

The Coal Board seeks to assist local communities experiencing impacts as a result of coal development or decline with the mitigation of governmental costs associated with such activities. The intent is not to replace those local costs but rather to provide a timely fiscal balance and capacity to the consequences of the boom or bust cycles of coal development.

The Hard Rock Mining Act (1981) and the companion Property Tax Base Sharing Act (1983) are intended to mitigate the local government service, facility and fiscal impacts from new large scale hard rock mineral developments in the state. Agreed upon impact plans are intended to ensure that local government services and facilities are available when and where they are needed as a result of new mineral development, without imposing additional costs on the existing local taxpayer. Such immediate fiscal capacity generally comes from the developer prepaying taxes with a subsequent agreed upon tax credit.

The Community Technical Assistance Program (CTAP) was established by the legislature through the 1967 Planning and Economic Development Act. State law directs the department to provide technical assistance to planning commissions, community development groups, and similar agencies to encourage the orderly development of the communities of the state. State law also requires that information on financial assistance to local governments be provided. The CTAP purpose is to: (1) Improve local planning and community development in Montana by providing technical assistance and training on public works financing options, community and rural planning options, land use laws, and planning and land development techniques to local government officials, planning boards, planners, park boards, development groups, surveyors, land developers, and citizens; (2) encourage local comprehensive planning, economic

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COMMUNITY DEVELOPMENT BUREAU**

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development planning, and capital improvements planning by effectively managing and distributing the county land planning fund grants to county governments; (3) carry out studies of problems and new practical methods to help city and county governments develop fair, legally sound, and cost-effective comprehensive plans, land use standards, and development procedures; (4) establish and update land surveying standards and administrative rules to facilitate the surveying of land, prevent property boundary disputes, and ensure accurate land records; (5) assist private landowners and local governments with these standards and rules; (6) assist local government officials and staff, engineers, and citizens with financing important public facilities by serving as a clearinghouse and providing information and training on infrastructure financing options and techniques; and (7) assist the Governor in coordinating state activities which affect community development and community plans, as required by state law.

The County Land Planning Fund (CLPF) grant program was created in 1975 by the Montana Legislature to assist county governments with land planning activities. The funds may be used for local planning purposes which includes comprehensive planning, economic development planning, and capital improvements (public works) planning. Each and every county receives these grants, as required by state law. The CLPF grants are the only flexible source of non-local planning funds available to county governments every year. The purpose of the program is to: (1) encourage local comprehensive planning, economic development planning, and capital improvements planning by effectively managing and distributing planning grants to all county governments; (2) assist county commissioners, planning boards, and staff in 56 counties to identify eligible planning activities; and (3) provide for an accounting for the distribution of the grants as required by state law.

The Community Development Block Grant (CDBG) Program is a federally-funded grant program designed to help communities with their greatest needs. All projects must be designed to principally benefit low and moderate income families. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). There are three basic funding categories under the CDBG Program: (1) economic development; (2) housing; and (3) public facilities. The Community Development Bureau within the Local Government Assistance Division administers the housing and public facility categories. The CDBG Program - Housing and Public Facilities also funds technical assistance grants to local governments to fund preliminary studies, analyses, or preliminary engineering related to local housing or public facilities needs.

Provides grants and loans to local governments to build or repair local infrastructure including drinking water systems, wastewater treatment systems, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, and bridges, that have serious deficiencies and represent a serious health or safety threat, in accordance with Title 90, Chapter 6, part 7, MCA.

The bureau work is primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Coal Board:						
Applications	5	1	1	45	15	10
Grants	5	1	1	0	5	5
Hard Rock Mining Impact Board:						
Board Meetings	2	2	2	3	4	4
Contacts:						
Public	20	24	35	28	35	40
Private		5	4	5	6	6
Community Technical Assistance Program:						
Customers	1,500	1,500	2,000	2,000	2,300	2,300
assisted						
Workshops	15	15	25	25	25	25
& Meetings						
Publications	1,500	1,500	2,000	2,000	2,200	2,200
Videos	0	0	4	4	4	4
Internet programs	0	1	2	2	2	2

**DEPARTMENT OF COMMERCE  
COMMUNITY DEVELOPMENT BUREAU**

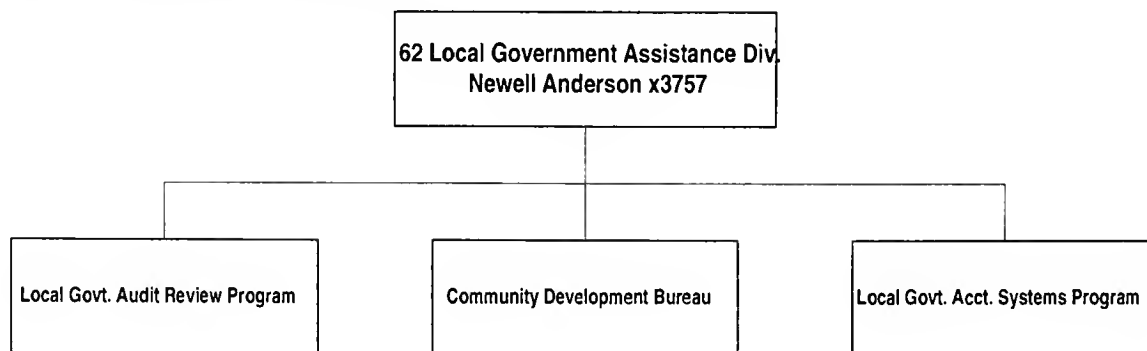
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Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	12.50	1.00	.00	13.50	1.00	.00	13.50
Personal Services	478,107	57,352	0	535,459	54,031	0	532,138
Operating Expenses	478,123	146,221	0	624,344	139,953	0	618,076
Grants	6,767,299	2,676,548	0	9,443,847	2,376,548	0	9,143,847
<b>Total Costs</b>	<b>\$7,723,529</b>	<b>\$2,880,121</b>	<b>\$0</b>	<b>\$10,603,650</b>	<b>\$2,570,532</b>	<b>\$0</b>	<b>\$10,294,061</b>
General Fund	330,573	53,210	0	383,783	51,799	0	382,372
State/Other Special	730,376	1,168,528	0	1,898,904	865,395	0	1,595,771
Federal Special	6,662,580	1,658,383	0	8,320,963	1,653,338	0	8,315,918
<b>Total Funds</b>	<b>\$7,723,529</b>	<b>\$2,880,121</b>	<b>\$0</b>	<b>\$10,603,650</b>	<b>\$2,570,532</b>	<b>\$0</b>	<b>\$10,294,061</b>

**Significant Present Law Adjustments -**

- Expand Coal Board project funding for community requests
- Establish over \$1.6 million each year for CDBG construction grants, technical assistance and project administration

**LOCAL GOV'T SERVICES BUREAU**



**Program Description -** The Accounting Systems Program, in accordance with Article VIII, Section 12 of the Montana Constitution; Title 2, Chapters 6 and 7; Title 7, Chapters 1, 2, 3, 5, and 6; Title 19, Chapter 18; Title 20, Chapter 1; and Title 85, Chapter 7, MCA, provides technical assistance and training to local government accounting and financial personnel in the areas of local government finance, accounting, budgeting and financial reporting through on-site visits, telephone assistance, and local government training seminars held at various locations throughout the state on a periodic basis. The program also serves as a liaison between local government and various departments of state government and provides the legislature with local government financial information when such information is pertinent to proposed legislation. The program has developed a County Collection Manual that coordinates for counties and state agencies all current state statutes, administrative rules, and program procedure memorandums.

Local Government Audit Review Program administers provisions of the Montana Single Audit Act as provided in Title 2, Chapter 7, part 5, MCA. Program staff receive and review all local government entities' annual financial reports; determine which entities are subject to audit under the provisions of the Montana Single Audit Act and notify the entities of the audit requirements; establish qualifications for certified public accountants to conduct audits of local governments and maintain a roster of those individuals and firms authorized to conduct such audits; establish standards for audit and approve all audit contracts; establish and maintain a manual of local government compliance requirements for use by auditors; refer complaints, concerns, or allegations received from the public or government agencies regarding a local government entity to the auditor for the entity for review during the audit; review all completed audit reports for compliance with applicable auditing standards and legal requirements; require corrective action by auditor if necessary; receive responses to audit findings from local government entities; evaluate responses and proposed corrective actions; accept entity responses to audit findings when corrective actions are appropriate; and provide technical assistance to auditors and local government officials on auditing, accounting, and legal compliance matters.

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LOCAL GOV'T. SERVICES BUREAU**

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The Audit Review Program, in accordance with Title 2, Chapter 7, part 502, MCA, is responsible to improve the financial management of local government entities with respect to federal, state, and local financial assistance; establish uniform requirements for financial reports and audits of local government entities; ensure constituent interests by determining that compliance with all appropriate statutes and regulations is accomplished; ensure that the financial condition and operations of the local government entities are reasonably conducted and reported; ensure that the stewardship of local government entities is conducted in a manner to preserve and protect the public trust; ensure that local government entities accomplish, with economy and efficiency, the duties and responsibilities of the entities in accordance with the legal requirements imposed and the desires of the public; and promote the efficient and effective use of audit resources.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Local Government Services Bureau - Systems Program:						
On-Site Assistance (In Hours)	2,760	3,667	3,808	4,200	4,400	4,600
Local Government Services Bureau - Audit Review Program:						
Local Government Audits*	422	418	429	425	425	425

\*Audits conducted or scheduled to be conducted during the above fiscal years. Some audits may cover two fiscal years.

**County Land Planning Funds**

Grants to						
Counties	56	56	56	56	56	56
Community Development Block Grant Program:						
Applications Reviewed						
PF	15	17	15	15	15	15
HSG	14	12	*	12	12	12
TA	33	30	25	25	25	25
Grants Awarded						
PF	10	10	8	8	8	8
HSG	5	4	*	4	4	4
TA	18	14	*	14	14	14

\* FY1998 Housing competition will be conducted fall 1998

PF = Public Facilities

HSG = Housing

TA = Technical Assistance

**Treasure State Endowment Program:**

Applications Reviewed	0	40	0	41	0	60
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Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01
FTE	6.00	.00	.00	6.00	.00	.00	6.00	6.00
Personal Services	249,564	1,077	0	250,641	(401)	0	249,163	499,804
Operating Expenses	119,177	23,676	0	142,853	23,045	0	142,222	285,075
Total Costs	\$368,741	\$24,753	\$0	\$393,494	\$22,644	\$0	\$391,385	\$784,879
General Fund	368,741	24,753	0	393,494	22,644	0	391,385	784,879
Total Funds	\$368,741	\$24,753	\$0	\$393,494	\$22,644	\$0	\$391,385	\$784,879

**Proprietary Rates**

**Program Description -Audit Review**

The Audit Review Program is responsible for administering the provisions of the Montana Single Audit Act (Title 2, Chapter 7, part 5, MCA), which specifies the audit requirements for all Montana local governments entities. The program performs the following services: (1) mails out and receives annual financial reports from approximately 900 local governments; (2) enters selected financial data from the reports into a database; (3) obtains and enters into the

database information regarding school district revenues; (4) determines which local government entities are subject to audit under the act and notifies them of the audit requirements; (5) accepts applications from and maintains a roster of independent auditors authorized to conduct local government audits; (6) prepares and keeps current a legal compliance supplement for use by independent auditors in conducting local government audits; (7) receives and approves audit contracts for local government audits; (8) verifies that all local governments required to have audits do so; (9) receives and reviews local government audit reports to determine whether the audits have been conducted in accordance with required standards; (10) notifies state agencies of audit findings related to financial assistance programs that they administer; (11) receives and reviews each local government's response to the audit report findings and determines whether the entity has developed a satisfactory plan to correct deficiencies noted in the audit report; (12) maintains on file copies of all local government entity audit reports and the local governments' responses to audit findings, and makes those reports and responses available upon request to state and federal agencies and the public; (13) provides technical advice on accounting, auditing, and legal compliance matters to local governments and certified public accountants conducting local government audits; (14) investigates or refers to auditors for follow-up action complaints or allegations received from the public, either directly or through the legislative auditor's hotline; and (15) provides information regarding local government audits, audit findings, entity responses to findings, and legal compliance and accounting requirements to the public.

Funding for the Audit Review Program is primarily derived from filing fees paid by local governments that are required to be audited by the Montana Single Audit Act (2-7-514, MCA) and from fees paid by certified public accountants who wish to be included on the roster of independent auditors authorized to conduct audits of local governments.

#### **Defalcation Audit**

Title 2-7-503(5) & (6), MCA, states that the department "...may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part. (6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and deposited in the enterprise fund to the credit of the department." It is the Defalcation Audit Program's responsibility to meet the requirements of the aforementioned statute in regards to the need for special audits or reviews.

Based upon an executive recommendation, the 54th Legislative Assembly privatized the Audit Program in the Local Government Assistance Division. Previously, the state provided for the financial and compliance post auditing of the financial statements of local taxing jurisdictions in Montana, as required by law. These audits are now conducted by private accounting firms. The auditing is designed to protect the taxpayer interests by verifying that the financial conditions and operations are responsibly accounted for and reported and that local officials are complying with appropriate statutes and regulations.

With privatization of the Audit Program came the legislative recognition that the state would no longer have any practicing local government audit staff and the question was asked: "What if a local government experiences a significant defalcation or is called on for some alleged financial or reporting impropriety to have a special audit or review? Who makes the special audit or review decisions if the local government can't or won't?" Under 2-7-503, MCA the Department of Commerce (Local Government Audit Review and Systems Bureau) has the administrative responsibility, if deemed appropriate, to require that a special audit be conducted of a local government entity. Included in this responsibility is the capacity of the state to contract and pay a private CPA firm for the costs of conducting the special audit. The special audit fee must be paid by the local government entity to the state treasurer and deposited in the enterprise fund to the credit of the department. In many cases, however, the audited local government entity lacks the fiscal resources to pay for the costs of the special audit. All funds that can be collected, will be collected by the department.

Funding for the Defalcation Audit Program (HB0576 a/e 06043) is derived from the reimbursable special audit costs received from local government entities undergoing audits or reviews.

#### **Revenues and Expenses –**

##### **Audit Review Program:**

Based on the most current information available, approximately 450 local government entities will be required to have



audits for FY 1997, with approximately another 20 school districts having financial reviews. Since biennial audits are permitted under Montana law, the department contracts for approximately 420 audits each year. It is anticipated that the number of entities required to be audited each year will remain relatively constant. The Audit Review program conducts initial quality control reviews of 100% of the audits and financial review reports received, more detailed quality control desk reviews of approximately 10 to 20%, and detailed quality control reviews of audit working papers for a limited number of audit reports based on staff time available.

Approximately 900 local governments (excluding school districts and associated cooperatives) are required to file annual financial reports with the department each fiscal year. Information from these reports is utilized to determine whether an entity is required to be audited under state law. The number of annual financial reports received is expected to remain relatively constant.

To perform the work required at current level, the Audit Review Program is currently authorized 4.00 FTE. Staffing is expected to remain at 4.00 FTE for FY 2000 and FY 2001.

The Audit Review Program has one major and one minor fee revenue. It is the intent of the department to maintain fees sufficient to pay program operating costs at current level staffing. The program does not receive any direct appropriations. Funding is derived entirely from the fees described below.

**Major Fee:** The major fee revenue is the report filing fee required by 2-7-514, MCA. The fee is required by statute to be based upon the costs incurred by the department in the administration of Title 2, Chapter 7, part 5, MCA. 2-7-514, MCA, provides that all local government entities required to be audited under Title 2, Chapter 7, part 5, MCA, shall pay the filing fee. For all local governments except school districts and associated cooperatives, that fee is required to be paid by the local government at the time that it files its annual financial report with the Department of Commerce. In the case of school districts and associated cooperatives, the Office of Public Instruction is required to file a listing of school districts subject to audit by December 31 each year. OPI is also required to pay the filing fee for school districts and associated cooperatives subject to audit. The Department of Commerce bills OPI for the filing fees once a year in January, based on the information provided by OPI in December in the above report. The department is required to adopt the fee schedule by administrative rule based upon the local government entities' revenue amounts. That fee schedule has been adopted as ARM 8.94.4102. Fees were reduced effective for annual financial reports for years ended June 30, 1997, and after, which were those received by the department during FY 1998. The current schedule, which reflects that reduction, is as follows:

Annual Revenues Equal to or Greater Than:	Annual Revenues Less Than:	Fee
\$0.00	\$200,000.00	\$ 0.00
\$200,000.00	\$500,000.00	\$175.00
\$500,000.00	\$1,000,000.00	\$375.00
\$1,000,000.00	\$1,500,000.00	\$525.00
\$1,500,000.00	\$2,500,000.00	\$600.00
\$2,500,000.00	\$5,000,000.00	\$675.00
\$5,000,000.00	\$10,000,000.00	\$725.00
\$10,000,000.00		\$775.00

The above fee schedule provided \$233,375 in revenue for FY 1998. No changes to the fee schedule are currently planned. Revenue from this fee schedule for FY 1999, FY 2000, and FY 2001 is estimated to be approximately \$233,500.

The Audit Review program was started as a result of legislation passed in 1991. The initial funding for the program was provided by a general fund loan, which was to be repaid over a 5-year period. The last payment of \$34,915 on the loan was made in June 1997. The fee schedule for FY 1998 and after does not have to include revenue for the loan payment. The fee schedule in the administrative rules was revised to reduce fees for FY 1998, FY 1999, and after.

**Minor Fee:** The minor fee revenue is the roster fee provided for by 2-7-506, MCA. That section provides that the department may prepare and maintain a roster of independent auditors authorized to conduct audits of local government entities. The department, in consultation with the Board of Public Accountants, is required to adopt rules governing the criteria for the selection of the independent auditor; procedures and qualifications for placing applicants on the roster; procedures for reviewing the qualifications of independent auditors on the roster to justify their continuance on the roster;

and fees payable to the department for application for placement on the roster.

The department has adopted the above as ARM 8.94.4106. The current fee in the rule is \$50 per year. The department has no present plans to change the fee, which provides approximately \$3,000 per year in revenue.

#### **Defalcation Audit Program:**

As mentioned above, the department will solicit bids and contract with qualified CPA firms to conduct any special audits or reviews deemed appropriate and necessary by the Local Government Audit Review and Systems Programs. No department FTEs are funded with Defalcation Audit Program funds. Any related administrative or monitoring work related to the contracted special audits or reviews is performed by Audit Review Program staff. The department anticipates that audit rates will be competitive and to some extent negotiable. This type of audit engagements typically involve problematic entities and higher costs are a likely result. Since the state is responsible for contracting directly with the CPA firm conducting the special audit or review it is essential that sufficient resources remain available to pay for such an audit engagement should one be deemed necessary. The department's cost recovery will be entirely dependent on the fiscal capacity of the audited local government entity. All reasonable efforts will be made to recover special audit costs from audited entities.

It is extremely difficult, if not impossible, to project the number of defalcations, or allegations of extraordinary financial impropriety that might require special audits or reviews in the future. The department is projecting FY 2000 and FY 2001 expenditure levels at \$65,000 annually, which is the same amount as the current biennium. State requested special audits and reviews are not those that can be easily planned for, or if they were, they could be more easily prevented. The appropriation authority and financial resources exist only to protect the taxpayers should their fiscal best interests be in jeopardy.

The revenue objective of the Defalcation Audit Program is to recover any special audit or review costs from audited local government entities in order to ensure that sufficient resources remain available for future special audits or review costs should such engagements be deemed necessary. The Defalcation Audit Program does not receive any direct appropriations. Funding is derived entirely from reimbursable special audit costs received from local government entities undergoing audits or reviews.

#### **Working Capital Discussion:**

The spreadsheet on enterprise funds showing changes in retained earnings and total fund equity combines the Audit Review Program (06042) and the Defalcation Audit Program (06043).

#### **Audit Review Program:**

The guidelines provide that projected working capital reserves may not exceed 60 days average daily expenditures for projected personal services, operating expenses, and miscellaneous operating. The working capital reserve level appears to assume that revenue will be received in some uniform manner throughout the fiscal year. That is not the case for the Audit Review Program. The filing fees paid by local governments and the Office of Public Instruction is the major revenue source for the program. The fee, except for school districts and associated cooperatives, is required to be paid at the time that the local government files its annual financial report. Those reports are due within six months after the close of the fiscal year. Since almost all Montana local governments operate on a July 1 to June 30 fiscal year, most reports are due by December 31 and the reports and fees are received by the Department during December. Extensions may be granted, and some reports with the required fees are not paid until several months later. In the case of school districts and associated cooperatives, the filing fees for those entities are not paid by the OPI until January. Approximately 2% of program revenue is received within the first two months (60 days) of the fiscal year, only 4% within the first three months, 10% within the first four months, 15% within the first five months, and 27% within the first six months. Approximately 57% is received at one time in January from OPI. In excess of 90% of roster fees paid by CPAs are received between April 15 and June 30 each year. Depending on the exact time during the year that certain major expenditures are incurred, the program needs approximately a four to five month working capital reserve at the beginning of each fiscal year in order to avoid cash deficits.

The Audit Program currently maintains a database using Informix software for recording information and generating reports regarding local government annual financial reports, audit contracts, audit reports, audit findings, responses to audit findings, and other related information. Oracle software is used for all new major databases established and existing Informix databases are being converted to Oracle over a period of time. The Audit Review Program is planning on converting its database from Informix to Oracle by FY 2002. The database conversion will be contracted out and,

thereafter, maintained by department staff, one-time contracted services costs of approximately \$75,000 to \$100,000 is estimated. The Audit Review Program has gradually established an additional reserve in order to pay this one-time contracted services expenditure without having to require a substantial fee increase at that time.

The program reduced fees beginning in FY 1998 to a level that would gradually reduce the working capital reserve to the four to five month balance (120 - 150 days) over a period of between five and six years, not including the additional working capital reserve for Oracle data base programming. If fees were reduced significantly to reduce the working capital reserve to the four to five month balance by the end of FY 1999 or even FY 2000, the program would have to increase fees by a significant amount in order to maintain the reserve at that level. Under either approach the local governments and OPI, on behalf of school districts and special education cooperatives, will pay the same amount over the five to six year period.

**Defalcation Audit Program:**

It is not possible to accurately predict the number of defalcation audits that will occur during any given fiscal year. Program revenue and expenses have been estimated at \$65,000 each for each fiscal year. The retained capital, total fund equity, and working capital are not anticipated to change through FY 2000 and FY 2001.

**Fund Equity and Reserved Fund Balance:**

**Audit Review Program:**

The Audit Review Program has no specific requirement to reserve fund balance. It is the staff objective to gradually reduce unreserved fund balance, less the estimated \$75,000 to \$100,000 database conversion costs, to approximately \$47,000 to \$73,000 by the end of FY 2001. This objective is in line with the discussion of working capital requirement. No fee increase is planned for FY 1999, FY 2000, or FY 2001. With estimated fee revenue less than anticipated expenses, unreserved fund balance should gradually decline to the desired level.

**Defalcation Audit Program:**

The Defalcation Audit Program has no requirement to reserve fund balance. The objective is to maintain current unreserved fund balance. This is due to the uncertainty regarding how many special audits or reviews will be required in any given year, combined with the possible inability to be fully paid for those audit or review costs by the local governments due to limited fiscal resources.

**Cash Flow:**

**Audit Review Program:**

Most program expenses are incurred fairly uniformly throughout the fiscal year, except for periodic capital outlay and contracted services expenditures. The timing of contracted services expenditures associated with audit reviews cannot normally be preplanned. Other than normal operating costs, there are no significant reoccurring cash obligations which must be covered by cash on hand. There could, however, be a significant cash payout for unused vacation and sick leave in the event of the termination or retirement of long-term employees. One employee approaching 30 years of services would have a vacation and sick leave payout of almost \$20,000.

**Defalcation Audit Program:**

It is virtually impossible to predict the number of required special audits or reviews each year. The timing of program expenses for contracted services and the timing of payments from local governments cannot be predicted. The program does not have any reoccurring cash obligations which must be covered by cash on hand.

**Significant Present Law –**

- Audit Review Administration indirect cost allocation and recharges for personal services

Proprietary Rates

**Program Description** -The Local Government Assistance Administration Program provides the Local Government Services Division with professional administration and legal services. The program supervises both the Community Development Bureau and the Local Government Audit Review and Systems Bureau. Supervised programs include:

- Montana Coal Board
- Community Development Block Grant Program
- Community Technical Assistance Program
- Hard Rock Mining Impact Board
- Treasure State Endowment Program
- Local Government Audit Review Program
- Local Government Accounting Systems Program

The Local Government Assistance Administration program operates/manages under the multiple federal and state authorities enabling/mandating the individual programs functioning in the Local Government Assistance Division. The purpose is to provide the Local Government Assistance Division with the quality administration and leadership that ensures short and long range program effectiveness, efficiency, and legal compliance and brings the taxpayer the best, most appropriate, and least cost products and services. The administration program operates/manages under the multiple federal and state authorities enabling/mandating the individual programs functioning in the Local Government Assistance Division.

**Funding**

Funding for the LGA Division Administration Program (HB0576 a/e 06536) is derived from charges to supervised divisions and programs.

**Revenues and Expenses**

**Revenue Objective:**

The revenue objective of the LGA Division Administration Program is to maintain the lowest possible fund balance and recharge cost to supervised divisions and programs.

**Fees, Rates & Recovery:**

The actual operating costs of this administrative unit are charged to each of the supervised divisions and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Administrative costs beyond those directly associated with personal services (indirect costs) have not been budgeted for in LGA Division Administration Program, but rather as those costs are incurred by either the administrator or the legal counsel, they are billed directly to the program with which that activity was associated. Funding for the program is derived entirely by charges to supervised divisions and programs.

There has been no significant change in the provision of service or appreciable change in fees from the last biennium. The 2.50 FTE are funded through recharges to supported programs.

The revenue objective of this administrative unit is to maintain the lowest possible fund balance, cash balance, and recharge rate to supported to supervised divisions and programs. The working capital calculation was not considered in the determination of rates.

**Revenues and Expenses** -The revenue objective of the LGA Division Administration program is to maintain the lowest possible fund balance and recharge cost to supervised divisions and programs.

The actual operating costs of this administrative unit are charged to each of the supervised divisions and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Administrative costs beyond those directly associated with personal services (indirect costs) have not been budgeted for in LGA division administration program, but rather as those costs are incurred by either the administrator or the legal counsel, they are billed directly to the program with which that activity was associated.

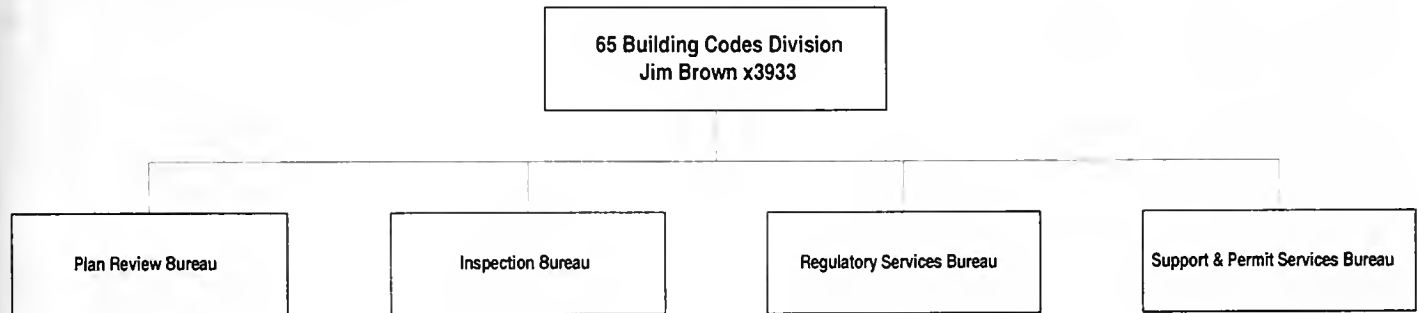
**Rate Explanation** -The LGA Administration Program rate is calculated by dividing the programs total cost by supported programs requested budgets. The calculated rate is the lowest possible rate as indicated by the negative fund balance, which is a reflection of non-budgeted activities such as compensated absences. This allocation methodology has been used for many years and has worked very well.

The negative fund balance (a/e 06536) is a function of either costs billed to the entity in conflict with the established budget or the fact that budgeted appropriations have not recognized liabilities such as compensated absences. There is no reserved fund balance for this administrative program.

**Significant Present Law –**

- Indirect/administrative costs

**BUILDING CODES DIVISION**



**Program Description** - The Building Codes Bureau, in accordance with Title 50, Chapter 60, and Title 50, Chapter 74, MCA, establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes. This enforcement safeguards the public, employees, and property from the hazards inherent in the construction of buildings, including their structural, nonstructural, electrical, plumbing, mechanical, and boiler components, and recreational vehicles and factory-built buildings manufactured or offered for sale. The bureau approves and certifies local government code enforcement programs to utilize codes adopted by the program. The bureau assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	59.00	(1.00)	.00	58.00	(1.00)	.00	58.00
Personal Services	1,631,706	440,110	0	2,071,816	430,563	0	2,062,269
Operating Expenses	708,127	134,930	0	843,057	130,459	0	838,586
Equipment	295,741	(215,741)	0	80,000	(151,741)	0	144,000
<b>Total Costs</b>	<b>\$2,635,574</b>	<b>\$359,299</b>	<b>\$0</b>	<b>\$2,994,873</b>	<b>\$409,281</b>	<b>\$0</b>	<b>\$3,044,855</b>
State/Other Special	2,635,574	359,299	0	2,994,873	409,281	0	3,044,855
<b>Total Funds</b>	<b>\$2,635,574</b>	<b>\$359,299</b>	<b>\$0</b>	<b>\$2,994,873</b>	<b>\$409,281</b>	<b>\$0</b>	<b>\$3,044,855</b>

**Significant Present Law Adjustments -**

- Replace vehicles with high mileage

71 Health Facility Authority  
Jerry Hoover x5435

## Proprietary Rates

**Program Description** -The authority, created by the 1983 Legislature is governed by a seven-member quasi-judicial board. Board members are appointed to four year terms by the Governor with the advice and consent of the Senate. The authority was created to assist health care facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. These cost savings are shared with the health care consumer in the form of lower health facility fees. The operating costs are reimbursed with fees charged to the borrowers. No public funds are utilized by the authority.

Nearly 70 non-profit facilities in Montana have participated in the prudent capital financing programs available through the authority, for a total issuance of \$800,709,000 in tax-exempt bonds and notes. No defaults have occurred with any of the 112 loans financed through the programs.

The authority administers five financial programs: the Standalone Program; the Variable Rate Program; the Private Placement Program; the Master Loan Program; and the Direct Loan Program. The bonds issued under the programs of the authority do not constitute a debt or liability to the State of Montana or any political subdivision thereof.

The authority program is mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

Funding for the authority (HB576 a/e 06012 and 06015) is derived from revenues collected from initial and annual fees which are assessed to the clients for their individual financing and investment earnings.

## Revenues and Expenses -Revenue Mandates:

Title 90, Chapter 7, part 2, MCA describes the powers of the authority, including: "... (17) collect reasonable interest, fees and charges from participating institutions in connection with making and servicing its lease agreements, loan agreements, ...and other indebtedness." Further the statute states "Interest, fees, and charges are limited to the amounts required to pay the costs of the authority, including operating and administrative expenses and reasonable allowances for losses that may be incurred, and bond financing costs, and ... to make loans...." "The fees must be used for: (a) necessary expenses to determine the need for facilities...; (b) necessary administrative, operating, and financing expenses; and (c) reserves for anticipated future expenses, or loan losses; and (d) loans to finance the costs of eligible facilities." The authority may: "(5) invest any funds that are not required for immediate use...." to "(18) perform any other acts necessary and convenient to carry out the purposes of this chapter."

The authority currently charges the following initial planning fees which apply to all financing programs:

Up to \$1,000,000	\$500 to \$5,000
\$1,000,001--\$5,000,000	\$2,500 to \$15,000
Greater than \$5,000,000	\$10,000 to \$50,000

When a participating institution makes an application to the authority, the application may be accompanied by an initial planning service fee in an amount determined by the authority. Such initial planning service fee may be included as a cost of the facilities to be financed with bonds. A certain portion of the fee shall be paid to the authority upon the approval of an application for financing. The balance of the fee shall be paid to the authority at or after the loan closing in one or more installments.

In addition, an annual planning service fee is payable on the first and each succeeding anniversary date of the sale and issuance of the bonds or loans and shall not exceed 0.15% of the principal amount of the bonds or notes or loan amounts outstanding on each such anniversary date.

**Working Capital** - The authority forecasts unbudgeted expenses to include litigation, bond defaults, bond restructuring, feasibility studies, capital expenses in regard to the relocation of its office, and decreased application revenues associated with the downward pressure on facility revenues which are a result of health care reform initiatives.

These funds are board restricted in connection with capital reserve agreements between the authority and the Montana Board of Investments. These funds must be restricted for the purpose of curing a loan default under the Master Loan Program. Currently the capital reserve requirement is 2.5% of the principal amounts of bonds outstanding (\$34,985,000) which are enhanced by the Montana Board of Investments. On September 30, 1998 the capital reserve requirement was \$874,625. Based upon future bond issuance of \$10,000,000 annually, the authority estimates the capital reserve requirement will be \$964,625 for FY 1999; \$1,054,625 for FY 2000, and \$1,144,625 for FY 2001.

These funds are board restricted and are currently capped at \$500,000 plus the cumulative loan interest payments and investment earnings. On September 30, 1998 the direct loan program balance was approximately \$590,000. The authority makes two or three loans, annually, which range from \$50,000 to \$100,000 each, contingent upon available funds.

Two FTE are funded from the authority revenues and this personnel requirement will remain the same for the 2001 biennium.

The 60-day working capital calculation is not reasonably applicable to the Health Facilities Authority because the national bond rating agencies, national bond insurers and institutional investors expect the authority to reserve two years operating capital to assure them that it can financially operate between legislative sessions.

**Fund Equity** - The total fund equity requirement for FY 1999 (\$2,231,463) is derived from the authority program reserve mandates as follows:

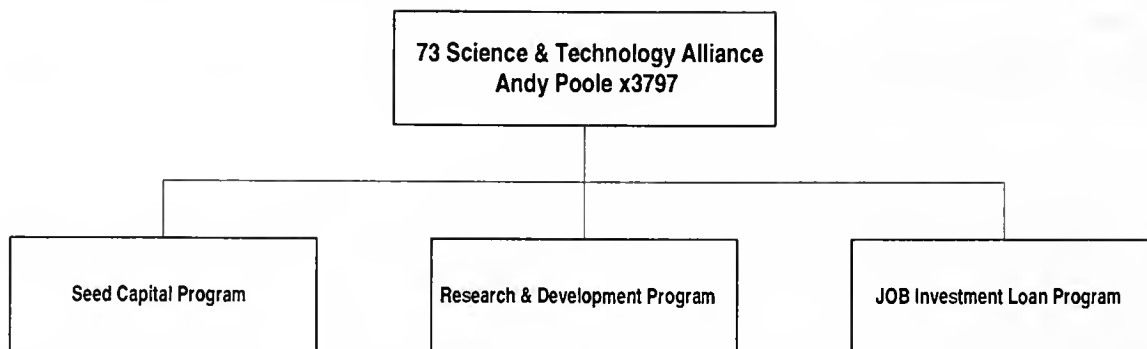
- A. Biennium Working Capital Reserve = \$366,838
- B. Capital Reserve Account (Loan Loss Reserve) = \$874,625
- C. Facility Direct Loan Program Reserve = \$590,000
- D. General Liability Insurance Reserve = \$400,000

The authority has been gradually reducing its initial and annual fee assessments as it approaches the above mentioned program reserve requirements. It will continue to carry two years of working capital to respond to the extraordinary expenses and requirements discussed earlier. Prudent management of the financial affairs requires accumulation and maintenance of funds in excess of current year operating requirements to provide working capital to cover one biennium in order to support operations during periods of unusual or unexpected revenue fluctuations; meet unusual or unexpected, unbudgeted operating expenses or capital expenditures; fund extraordinary expenditures associated with bond/note issues of the authority, including fees and expenses of attorneys, advisors, and others; and provide resources to fund appropriate action as necessary to assist in preserving the integrity and credit-worthiness of the authority and clients.

**Rate Explanation** -The fees are established in statute and administrative rule.

**Significant Present Law –**

- Office relocation
- Image equipment purchase
- Indirect and administrative costs



**Program Description** - The Montana Science and Technology Alliance (MSTA) invested state funds in science and technology projects through three programs: (1) the seed capital financing program, which had authority to invest up to \$12.5 million of the permanent coal tax trust in new and expanding technology-based businesses and venture capital partnerships; (2) the research and development financing Program, which had authority to invest up to \$11.5 million of the permanent coal tax trust in Montana University research and development projects that have outstanding technological and commercial potential; and (3) in conjunction with the Economic Development Division, MSTa administers the JOB Investment Act Loan (JIL) program.

Due to the passage of HB578 in the last legislative session, a number of major changes in the MSTa program will occur in the 1999 biennium. The key impacts of this legislation include: (1) extension of the statutory authority for the program beyond its scheduled sunset date of June 1997 to the end of fiscal 1999; (2) the termination of the Montana Board of Science and Technology Development by the end of FY 1999; and (3) the revision of JOB Investment Loan Laws.

There is a critical need to continue monitoring the MSTa portfolio by the Department of Commerce to ensure repayment of invested funds. The current MSTa portfolio includes seed capital investments in 14 companies totaling \$9,303,930 and one JOB Investment Loan of \$500,000. MSTa also has made four research and development loans to the Montana University System and other entities. The total committed portfolio is \$11,419,430. The MSTa investments are projected to repay the state \$1,398,289 in FY 2000 and \$1,922,186 in FY 2001.

#### Mission Statement

To monitor and maintain the portfolio of investments made by the Montana Science and Technology Alliance to ensure the maximum return for the state.

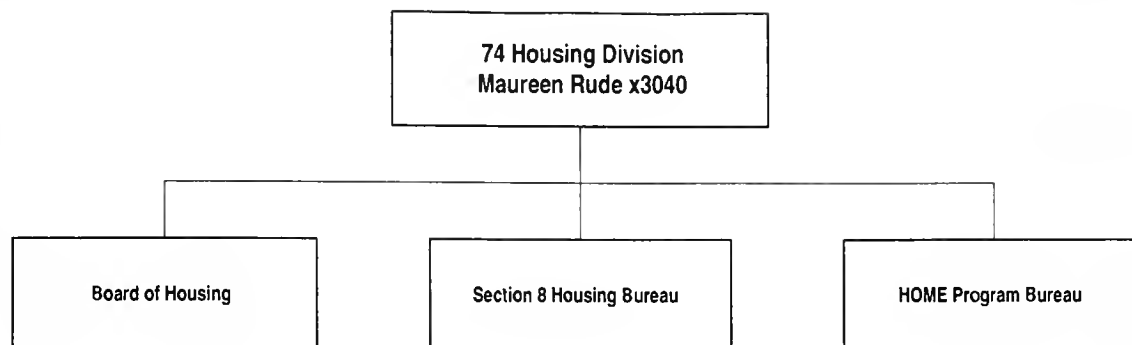
#### Program Proposed Budget

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.00	(1.00)	.00	1.00	(1.00)	.00	1.00
Personal Services	23,787	19,686	0	43,473	19,380	0	43,167
Operating Expenses	41,816	2,213	0	44,029	2,122	0	43,938
Debt Service	2,974	1,212	0	4,186	1,212	0	4,186
<b>Total Costs</b>	<b>\$68,577</b>	<b>\$23,111</b>	<b>\$0</b>	<b>\$91,688</b>	<b>\$22,714</b>	<b>\$0</b>	<b>\$91,291</b>
State/Other Special	68,577	23,111	0	91,688	22,714	0	91,291
<b>Total Funds</b>	<b>\$68,577</b>	<b>\$23,111</b>	<b>\$0</b>	<b>\$91,688</b>	<b>\$22,714</b>	<b>\$0</b>	<b>\$91,291</b>

#### Significant Present Law Adjustments -

- Reduce 1.00 FTE for portfolio management





**Program Description -** The Housing Division, established on July 1, 1995, consolidates housing programs within the Department of Commerce in one division. The division includes the Home Investment Partnerships Program (HOME), the Section 8 Housing Program, and the Board of Housing and its programs.

**HOME Program -** This program provides grant funds to eligible local governments and Community Housing Development Organizations for assistance in financing new construction or rehabilitation of individual homes or rental units, tenant based rental assistance, and other eligible activities. Grants are awarded through a competitive process once each year. HOME program staff also coordinate completion of the Consolidated Plan, which is a five year planning document, with annual updates, required by the Department of Housing and Urban Development in order to receive federal funds for many state programs.

**Section 8 Housing -** The Section 8 Existing Housing program works to provide rental assistance, through the HUD Section 8 Rental Certificates, Rental Vouchers, Moderate Rehabilitation, and Rental Rehabilitation programs, on behalf of very low income families and the elderly to ensure they have decent, safe, and sanitary housing. The program operates on a first come, first serve basis statewide, through a network of local agents the department contracts with for administration of the program. The program makes a subsidy payment to the property owner on behalf of the tenant. Payments are based on applicable unit rent limits and tenants generally pay an established amount (currently 10-30%) of their income towards rent and utilities.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	17.00	.00	6.00	23.00	.00	7.00	24.00
Personal Services	537,009	69,286	176,480	782,775	66,855	204,674	808,538
Operating Expenses	329,640	131,552	118,963	580,155	115,090	75,792	520,522
Equipment	0	16,000	0	16,000	0	0	0
Grants	17,494,162	3,283,279	8,071,200	28,848,641	4,084,962	10,485,320	32,064,444
<b>Total Costs</b>	<b>\$18,360,811</b>	<b>\$3,500,117</b>	<b>\$8,366,643</b>	<b>\$30,227,571</b>	<b>\$4,266,907</b>	<b>\$10,765,786</b>	<b>\$33,393,504</b>
Federal Special	18,360,811	3,500,117	8,366,643	30,227,571	4,266,907	10,765,786	33,393,504
<b>Total Funds</b>	<b>\$18,360,811</b>	<b>\$3,500,117</b>	<b>\$8,366,643</b>	<b>\$30,227,571</b>	<b>\$4,266,907</b>	<b>\$10,765,786</b>	<b>\$33,393,504</b>

**Significant Present Law Adjustments -**

- Support grants to local governments and Community Housing Development Organizations for assistance in financing new construction or rehabilitation of individual home or rental units

**New Proposals -**

- Administer 4,800 HUD project based units as they are converted to tenant based units
- Board of Housing HUD mortgage restructuring

## Proprietary Rates

**Program Description** - The Board of Housing is a quasi-judicial board created by the Montana Housing Act of 1975, and is attached to the Department of Commerce for administrative purposes. This seven-member board is appointed by the Governor.

**Low Income Housing Tax Credit** - This program provides a tax credit to the owner of rental housing when the owner agrees to restrict the rents to a specific formula amount, and to rent only to tenants below a maximum income level. The board receives authority to allocate the tax credit through the Internal Revenue Code, based on \$1.25 per capita per year. Board staff monitor projects to ensure low income tenant and rent restrictions are met. Any non-compliance issues are reported to the Internal Revenue Service.

**Multifamily Loan Program** - This program provides mortgage financing to owners of qualifying housing when the owner agrees to restrict the rents to a specific amount and to rent only to tenants below a maximum income level. Currently this program is financing the permanent loans for small projects which receive multiple sources of funding through other programs, where rents on the projects are affordable to very low income Montanans.

**Reverse Annuity Mortgage Program** - This program provides income for elderly Montanans based on the equity they have built up in their home. The Board of Housing takes a "reverse" loan against the home, meaning the board provides a monthly payment amount to the borrower, and the amount of the loan builds as each monthly payment is made. Interest on the outstanding balance for new loans in the program accrues at 5%. Reverse mortgages are funded out of the housing trust fund (housing authority enterprise fund), as they are not allowable mortgages from the tax-exempt bond proceeds.

**Single Family Programs** - These programs assist in financing the purchase of a home for low and moderate income Montanans. The programs are financed by the sale of tax-exempt bonds, which allows the board to loan the funds at below market rates to qualifying individuals meeting certain annual income and purchase price limitations, as well as owner occupancy restrictions. The board has also targeted single family programs for mobility impaired individuals and for those who need help with their down payment and closing costs. Cash assistance loans are second mortgages which assist the home buyer with the down payment and closing costs. Cash assistance loans are funded from the housing trust fund as they are not allowable mortgages from the tax-exempt bond proceeds.

In July of 1995, the board instituted a "Request for Proposal" process to set aside funds, received through loan prepayments and from program earnings, for targeted programs based on proposals from communities and housing organizations, both for-profit and non-profit. As of April 19, 1996, the board has set asides of \$23,500,000 for various projects around the state.

### Significant Present Law -

- Lender on-line system
- Electronic document imaging
- LAN server

### New Proposals -

- HUD mortgage restructuring

75 Board of Investments  
Carroll South x0001

## Proprietary Rates

**Program Description** -Board of Investments staff manage the unified investment program for public funds, required under Article VIII, Section 13 of the Montana Constitution. Six investment pools and several individual portfolios are managed. The six investment pools are: (1) the retirement fund bond pool; (2) the trust fund bond pool; (3) the short term investment pool; (4) the domestic stock pool; (5) the international stock pool; and 6) the real estate investment trust stock pool. Annual audited financial statements are prepared for each investment pool. All individual portfolios that do not invest in the pools are included in an "all other funds" financial statement.

The in-state investment program consists of Montana residential and commercial loans. The board is also responsible for administering several programs that issue bonds for the purpose of assisting local governments and eligible state agencies and encouraging economic development.

It is the mission of the Board of Investments to prudently manage the Unified Investment Program created by the Montana Constitution.

### Funding

Funding for the Board of Investments (HB576 a/e 06527 and 06014) is derived as follows:

Accounting Entity 06527: Funding for the internal service fund is derived from charges to each portfolio that the board invests.

Accounting Entity 06014: Funding for the enterprise fund is derived from fees charged to borrowers, consisting of the difference between the interest earned from loans to borrowers and interest paid to bond holders and monthly revenues received from the Montana Health Facility Authority contract.

### Authorization

Article VIII, Section 13, Mont. Const., creates Unified Investment Program; Title 2-15-1808, MCA, creates Quasi-judicial Board To Manage Investment Program; Title 2-15-124, MCA, describes powers/duties of quasi-judicial boards; Title 17-5, Part 15, MCA, authorizes issuance of economic development bonds; Title 17-5, Part 16, MCA, authorizes INTERCAP bond program; Title 17-1-113, MCA, authorizes securities lending; Title 17-6, Part 1, MCA, deposit of public funds - state treasurer/board; Title 17-6, Part 2, MCA, assigns investment program management to board; Title 17-6, Part 3, MCA, in-state investment program - permanent coal tax trust

**Revenues and Expenses** - The revenue objective of the investment program is to assess the costs of operations to each portfolio the Board invests while maintaining a reasonable and prudent 60-day working capital reserve. Nearly all Bond Program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans made to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270-day fund balance is required to provide adequate funding for the Bond Program between draws. Remaining revenues are received monthly from the board contract with the Montana Health Facility Authority.

The Board of Investments does not receive any direct appropriations. Funding for accounting entity 06527 is derived entirely from charges to each portfolio that the board invests and is used to finance the investment program. Funding for accounting entity 06014 is derived from fees charged to borrowers by the difference between the interest earned from loans to borrowers and interest paid to bond holders and monthly revenues received from the Montana Health Facility Authority contract and is used to finance the bond programs. Non-budgeted revenues are used to finance statutorily appropriated debt service expenditures.

**Fees, Rates & Recovery** - The Board of Investments assesses its costs to the entities that use its services. This has been done by requesting a maximum level of expenditures similar to what occurs in HB2. This process has worked very well since the passage of HB576 and this methodology is continued in the 2001 biennium because it provides an easy comparison with historical financial activity.

**DEPARTMENT OF COMMERCE  
BOARD OF INVESTMENTS**

**6501  
75**

There has been no significant change in the services provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow. There are 29.00 FTE in the Board of Investments (26.00 funded from a/e 06527 and 3.00 funded from a/e 06014)

**Fund Balance** - At the proposed level of expenditures the department projects an ending unreserved fund balance of \$340,594 for a/e 06527.

The Board of Investments a/e 06527 (internal service fund) and 06014 (enterprise fund) have the following present law decision packages which effect portfolio assessments:

**Significant Present Law Adjustments -**

- Board of Investments relocation and rent costs - Initial voice data wiring expenses associated with office relocation, office rent increase associated with office relocation, and moving expenses. The total cost of this decision package is \$138,350 in FY 2000 and \$77,600 in FY 2001. It is estimated that this present law request would impact the recharge rate as follows:

	FY00	FY01
Requested Budget Level	\$2,433,271	\$2,210,869
Decision Package Amount	\$138,350	\$77,600
Variance:	\$2,294,921	\$2,133,269

- Board of Investments 2001 biennium administrative costs - The Department of Administration recently approved a pay-plan exception for 11 investment staff members to reduce staff turnover. The estimated additional cost of the exceptions is \$34,600 per year. Also, board members typically receive \$150 per diem for each board meeting and it is estimated that nine meetings with nine board members will occur each year. In addition, MT PRRIME will completely modify the SBAS accounting system. The board currently has custom-built interfaces with SBAS for uploading and downloading data that will have to be completely re-written by outside vendors who understand MT PRRIME and the appropriate interface. It is estimated that it will cost \$50,000 to create the interfaces and \$10,000 annually to maintain them. Finally, the board typically expends \$12,000 per year for a contract attorney with expertise in investment law. In the base year legal expenses were much lower than anticipated. The total cost of this decision package is \$132,338 in FY 2000 and \$92,590 in FY 2001. It is estimated that this present law request would impact the requested rate as follows:

	FY00	FY01
Requested Budget Level	\$2,433,271	\$2,210,869
Decision Package Amount	\$132,338	\$92,590
Variance:	\$2,300,933	\$2,118,279

- Board of Investments document imaging system - The board is running out of filing space (both floor space and file cabinet space) for its mortgage and bond files. The Board is planning to begin to use imaging to eliminate the need for more paper storage space. The estimated cost for a document imaging system is approximately \$50,000, the cost of which will be partially reduced by the health facilities program picking up a share of the costs. Estimated costs of the imaging system is based upon consultation with prospective vendors. The total cost of this decision package is \$45,500 in FY 2000. It is estimated that this present law request would impact the requested rate as follows:

	FY00	FY01
Requested Budget Level	\$2,433,271	\$2,210,869
Decision Package Amount	\$45,500	\$0
Variance:	\$2,387,771	\$2,210,869

The Board of Investments enterprise fund has the following present law statutory appropriation decision package which effects portfolio assessments:

**Significant Present Law Adjustments -**

- Board of Investments 2001 biennium debt service - The Board of Investments is required to service the debt related to the Montana Economic Development Bond Act. The servicing of this debt is accomplished with the establishment of a statutory appropriation each fiscal year. The board estimates that a statutory appropriation of \$3.5 million will be required each year of the 2001 biennium.

**Revenues and Expenses** -The revenue objective of the investment program is to assess the costs of operations to each portfolio the board invests while maintaining a reasonable and prudent 60-day working capital reserve.

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans made to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270-day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board contract with the Montana Health Facility Authority.

The board does not receive any direct appropriations. Funding is derived entirely from charges to each portfolio that the board invests and is used to finance the investment program. Enterprise funding is derived from fees charged to borrowers by the difference between the interest earned from loans to borrowers and interest paid to bond holders and monthly revenues received from the health authority contract and is used to finance the bond programs. Non-budgeted revenues are used to finance statutorily appropriated debt service expenditures.

**Rate Explanation** -The board assesses costs to the entities that use the services. This has been done by requesting a maximum level of expenditures similar to what occurs in HB2. This process has worked well and this methodology is continued in the 2001 biennium because it provides an easy comparison with historical financial activity.

There has been no significant change in the services provided by the board from those provided in the last biennium, although the investment portfolio continues to grow. There are 29.00 FTE in the program.

At the proposed level of expenditures the projected ending unreserved fund balance is \$340,594 for accounting entity 06527.

## MONTANA LOTTERY

77 Montana Lottery  
Gerald LaChere x5825

### Proprietary Rates

**Program Description** -The Montana Lottery was created in November 1996 by a referendum vote of the people of Montana. The Lottery program designs and markets lottery games that allow players to purchase chances at winning a prize (23-7-102, MCA). The Lottery presently offers a variety of scratch ticket games and four on-line games. Powerball, Wild Card, and Daily Millions, are games done with other lotteries through the Multi-State Lottery Association (MUSL). Montana Cash, a fourth on-line game, is exclusively a Montana Lottery game. A five member lottery commission, appointed by the Governor, sets policy and oversees activities and procedures of the program. The Governor also appoints a Lottery Director who is responsible for coordinating the lottery's marketing, sales, operations, security and administrative efforts. By law a minimum of 45% of the revenues derived from the sale of lottery tickets is distributed to prizes, but the actual overall prize distribution is over 50% of revenue. The remaining net revenues, after sales commissions and operating expenses, is deposited in the general fund on a quarterly basis. The Lottery is mandated primarily at Title 23, Chapter 7, MCA, and its purpose is maintain the public trust and maximize net revenue.

Funding for the Montana Lottery is primarily derived from the sales of lottery tickets. The opportunity to play a lottery game is provided through the purchase of a ticket. Ticket prices are set with the Lottery Commission's approval (23-7-202(5), MCA). The Lottery also assesses a one-time \$50 fee to applicants for lottery retailer licenses. This fee is established in state statute (23-7-301(5), MCA).

### Program Indicators –

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Transfer to State General Fund	\$7.8 million	\$6.6 million	\$6.6 million	\$6.2 million	\$6.2 million	\$6.6 million

**Revenues and Expenses** -The Lottery is statutorily mandated to "... maximize the net revenue paid to the state under 23-7-402, (MCA) and ensure that all policies and rules adopted further revenue maximization." Striving to strike a balance between these two conflicting objectives often results in decisions to not offer new products or strategies that would likely result in increased sales, but may be viewed by some as an expansion of gaming. Full implementation of the multiple game strategy for instant ticket games is an action that strikes a balance between these two objectives: (1) The fees charged are established by the Montana Lottery Commission as authorized in Title 23, Chapter 7, part 202(5), MCA. The commission has set the price of each on-line game ticket at \$1.00. Scratch ticket games cost either \$1.00 or \$2.00 depending upon the specific game. The number of FTE funded from the revenues generated has been decreased from 35 to 31.5 in FY 1999 and subsequent years. (2) The 60-day working capital calculation is necessary for to maintain operations. This is because receivables are collected on a 30-day basis. A 60-day working capital allows adequate cash flow to pay vendors, prizes, and personal services. (3) Title 23, Chapter 7, part 402(3), MCA requires the lottery transfer all net revenue quarterly to the general fund. The fund equity balance only includes contributed capital. (4) The lottery collects receivables on a 30-day cycle. Winners may be paid daily and other obligations, such as to the on-line gaming vendor, must be paid weekly.

**Rate Explanation** -The price per ticket rate is established by the Lottery Commission.

**Significant Present Law –**

- Lottery instant ticket strategy
- Marketing research
- Vehicle replacement
- Establish a contract with a vendor to provide an on-line gaming system, including central computer system, telecommunications network, terminals, software, field maintenance and support, training and marketing
- FTE transfer
- Prizes and commissions statutory appropriations
- Administrative costs

**BOARD OF HORSE RACING**

78 Board of Horse Racing  
Sam Murfitt x4287

**Program Description** - The program is responsible for: (1) regulating the live and simulcast horse racing industry; (2) ensuring compliance by the approximately 3,500 licensees with state laws and board rules; (3) licensing all racing personnel, establishing race dates for various communities, establishing veterinary practices and standards in connection with horse racing meets; and (4) the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana. The program is mandated in Title 2, Chapter 15 and Title 23, Chapter 4, MCA

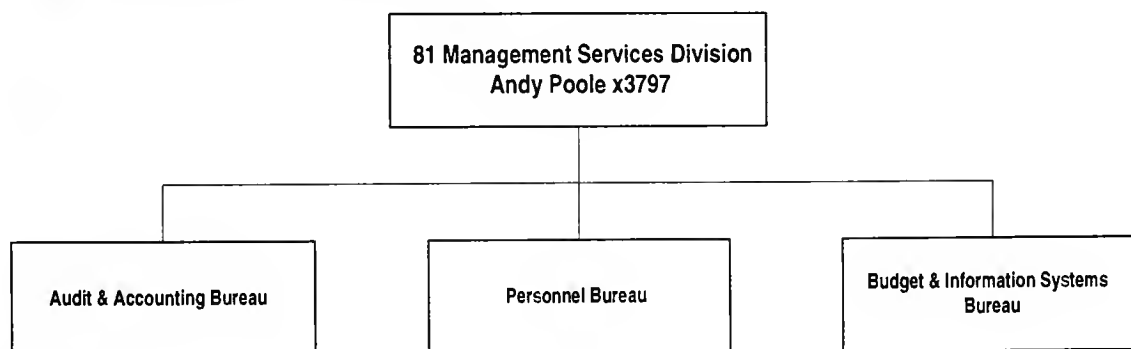
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	3.78	.00	.00	3.78	.00	.00	3.78
Personal Services	108,920	33,862	0	142,782	32,877	0	141,797
Operating Expenses	88,299	7,075	0	95,374	6,755	0	95,054
<b>Total Costs</b>	<b>\$197,219</b>	<b>\$40,937</b>	<b>\$0</b>	<b>\$238,156</b>	<b>\$39,632</b>	<b>\$0</b>	<b>\$236,851</b>
State/Other Special	197,219	40,937	0	238,156	39,632	0	236,851
<b>Total Funds</b>	<b>\$197,219</b>	<b>\$40,937</b>	<b>\$0</b>	<b>\$238,156</b>	<b>\$39,632</b>	<b>\$0</b>	<b>\$236,851</b>

79 Office of Legal & Consumer Affairs  
Annie Bartos x3553

**Program Description** - The Consumer Affairs Office, in accordance with Title 30, Chapter 14 and Title 61, Chapter 4, MCA, advocates on the behalf of Montana consumers in matters of unfair or deceptive acts in the conduct of any business. The office investigates consumer complaints and provides for an informal mediation process for consumer complaints against businesses. The office enforces Montana consumer protection laws and regulations relating to telemarketing, personal solicitation of sales, New Motor Vehicle Warranty Act, Consumer Protection Act, and the Unfair Trade Practices Act. The office ensures a healthy business environment by preventing groundless consumer complaints against Montana businesses and providing those businesses with the opportunity to resolve legitimate consumer complaints in a manner resulting in stronger business relationships with consumers. The office also licenses post/secondary proprietary schools and recruiting agents, maintains academic records for schools which are no longer in existence, and provides former students of defunct schools access to those records.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	3.25	.00	.00	3.25	.00	.00	3.25
Personal Services	95,910	38,646	0	134,556	38,196	0	134,106
Operating Expenses	36,633	70,067	0	106,700	51,144	0	87,777
<b>Total Costs</b>	<b>\$132,543</b>	<b>\$108,713</b>	<b>\$0</b>	<b>\$241,256</b>	<b>\$89,340</b>	<b>\$0</b>	<b>\$221,883</b>
General Fund	113,699	40,426	0	154,125	36,202	0	149,901
State/Other Special	18,844	68,287	0	87,131	53,138	0	71,982
<b>Total Funds</b>	<b>\$132,543</b>	<b>\$108,713</b>	<b>\$0</b>	<b>\$241,256</b>	<b>\$89,340</b>	<b>\$0</b>	<b>\$221,883</b>

## DIRECTOR/MANAGEMENT SERVICES



## Proprietary Rates

**Program Description** -The Director's Office/Management Services Division, in accordance with Title 2, Chapter 15, parts 18 and 121, MCA, consists of two programs: (1) The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana. (2) The Management Services Division provides internal support to all agency programs. Services provided include accounting and fiscal, budgeting and information systems, contracting and purchasing, personnel administration, payroll, and training.

Funding for the division internal service fund is from charges allocated to supported programs by the indirect cost plan. Indirect costs are allocated to supported programs based upon a federally approved indirect cost rate that is applied against the actual personal services expenditures of the supported programs.

**Revenues and Expenses -Revenue Objective:**

The revenue objective of the Directors Office/Management Services Division is to maintain the lowest possible indirect cost charge to supported divisions, bureaus, and programs while attempting to maintain a reasonable and prudent working capital reserve.

**Rate Explanation -Fees, Rates & Recovery:**

Indirect costs are allocated by a standard federally and legislatively approved indirect cost rate that is applied to supported divisions and programs actual personal services expenditures. The indirect cost rate is calculated by dividing the projected annual revenue required to meet anticipated yearly expenditures and maintain a minimal working capital reserve for the Directors Office/Management Services Division by the projected actual personal services amounts estimated to be incurred by the departments supported divisions, bureaus, and programs.

There has been no significant change in the services provided supported divisions, bureaus, and programs, or appreciable change in fees from the last biennium. (1999 biennium 9.68% and 2001 biennium 9.85%) There are 22.50 FTE funded through indirect charges to supported divisions, bureaus, and programs in FY 1999.

Indirect costs are charged to divisions, bureaus, and programs on a monthly basis. For example, January's indirect costs would be charged to supported divisions, bureaus, and programs in February. Since indirect cost collections lag by at least one month it is necessary to maintain a reasonable and prudent working capital reserve. Since FY 1994 this administrative unit has been charging an indirect cost rate that was lower than actual expenditures. The department, with legislative approval, did this to decrease what was considered an overly high unreserved fund balance. These efforts have been successful as can be shown on the report on internal service and enterprise funds, 2001 biennium. The rates proposed for the 2001 biennium are the most reasonable and appropriate available because they most closely match the fees commensurate with costs methodology, while maintaining a minimal working capital reserve.

At the proposed 9.85% indirect cost rate, the department projects an FY 2001 ending unreserved fund balance of approximately \$71,000.

On March 25, 1998, the department conducted a telephone survey regarding other state agency information systems staffing levels and the number of network connections in each agency. Only "hands-on" professional level information systems positions were included in the survey. The Department of Commerce has the lowest professional information systems staffing level to number of network connections of any agency surveyed. The professional information systems staffing level within the department has not changed in the past ten years while the demand for computer-based information has grown astronomically. It is not practical, nor is it realistic, to expect that demands for more and more information can be met with a staffing level that has not changed since 1988. The average found was 11.05 FTE for 450.60 network connections with 42.18 FTE DP staff. The department has 4.00 FTE for 280 connections with 70.00 FTE DP staff.

In an effort to reduce the programming backlog, 1.00 FTE vacant position was permanently transferred from the Montana Lottery to the Management Services Division effective July 1, 1998. The transferred position will be used by the Budget and Information Systems Section of the Management Services Division to assist with Oracle database programming conversions. Oracle became the ISD state-standard database several years ago, and the department is currently converting many old databases to the new Oracle standard. The Oracle databases will be needed to enable web inquiries and commerce within the immediate future. The department is already involved in an Oracle database conversion within the Professional and Occupational Licensing Division that would enable many Oracle based features to be accessed via the Internet. The amount associated with this permanent FTE transfer is \$45,246 in FY 2000 and \$44,925 in FY 2001. The impact of this present law request on the requested rate is minimal. It is estimated that the indirect cost rate would be 9.75 without the FTE, compared to the requested rate of 9.85. There are no new proposals for this program. The rate requested for this program is essentially the same as in previous biennia.

**Significant Present Law -**

- FY1999 FTE transfer for Oracle database conversions is continued





# **PUBLIC SAFETY AND JUSTICE**

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**Crime Control Division  
Justice  
Public Service Regulation**

**Corrections  
Labor & Industry  
Military Affairs**

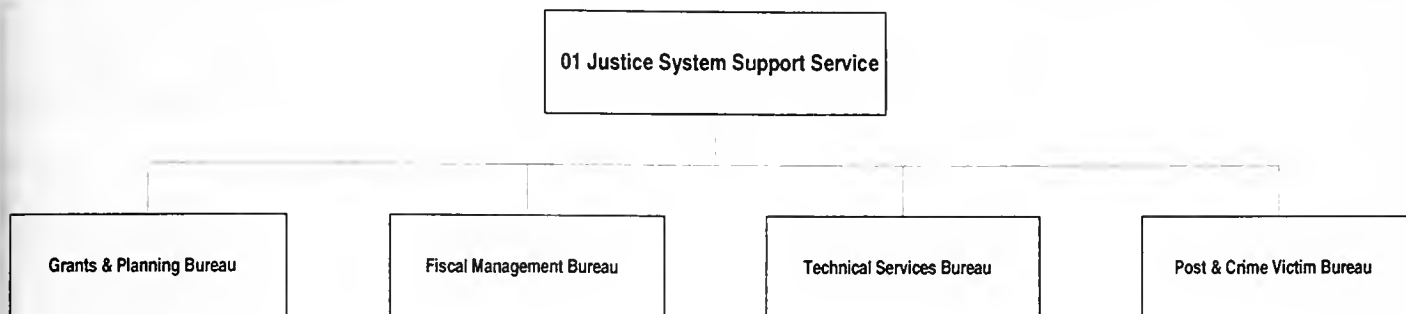
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## **OBPP Staff\***

**Mary LaFond x4892  
Shirley Moore x4588**

*\*See Reference page 1 for specific staff assignments*





**Mission Statement** - To promote public safety, crime prevention, and victim assistance by strengthening the coordination and performance of both the criminal justice and juvenile justice systems in partnership with citizens, government, and communities.

**Statutory Authority** - 2-15-2006 and 44-4-301, MCA, create and define the board; 41-5-1001, MCA state grants for youth detention services; Title 53, Chapter 9, part 1, MCA, Victims Compensation Act; 42 USC 4760 Anti-Drug Abuse Act; 42 USC 10603 Victims of Crime Act; 42 USC 3796 Stop Violence Against Women Act; 42 USC 3701 National Criminal History Improvement Program; 42 USC 5601 Juvenile Justice and Delinquency Prevention Act; and USC 13701 Violent Crime Control and Law Enforcement Act.

**Program Description** - The Crime Control Division is the state's designated planning and program development agency for the criminal justice system, under the direction of a supervisory board whose members are appointed by the Governor. The Montana Board of Crime Control provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The board administers and awards several grant programs, including the Juvenile Justice and Delinquency Prevention Act, the Victim/Witness Assistance Act, the Violence Against Women Prevention Act, the Safe and Drug-free Schools and Communities Act, the State and Local Law Enforcement Assistance Act, the Drug Enforcement and System improvement Act, the National Criminal History Improvement Program, the State Identification System Grant, the Residential Substance Abuse Treatment Block Grant, the Juvenile Accountability Incentive Block Grant, the State-wide Regional Juvenile Detention Program, and the State/Federal Crime Victims' Compensation Program. Additionally, the board is responsible for the certification of peace, detention, public safety communications, and probation and parole officers through Peace Officers Standards and Training (POST).

**Executive Budget Recommendation -**

- Administer the following grant programs: National Sex Offenders Registry, Juvenile Accountability Incentive, State Identification System, and Law Enforcement Technical Assistance
- Increase assistance to counties for juvenile detention services with \$300,000 general fund each year
- Provide federal funding for residential substance abuse treatment, juvenile justice, statistical analysis center, and victim assistance
- Provide federal and general fund for Crime Victims Compensation
- Continue appropriation authority for federal pass-through grants in the 2001 biennium

**Language Recommendations-** "All remaining federal pass-through grant appropriations for the 1999 biennium including budget amendments are authorized to continue into fiscal year 2000 and fiscal year 2001."

**Program Indicators -**

Indicators	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Grants Administered:						
Block grants administered	22	24	30	34	38	40
Sub-grants administered	153	223	277	331	380	410
Crime Victims Compensation:						
Claims reviewed	604	599	609	610	615	620
Benefits paid	\$592,849	\$755,516	\$773,000	\$850,000	\$928,600	\$928,600

**CRIME CONTROL DIVISION  
JUSTICE SYSTEM SUPPORT SERVICE**

**4107  
01**

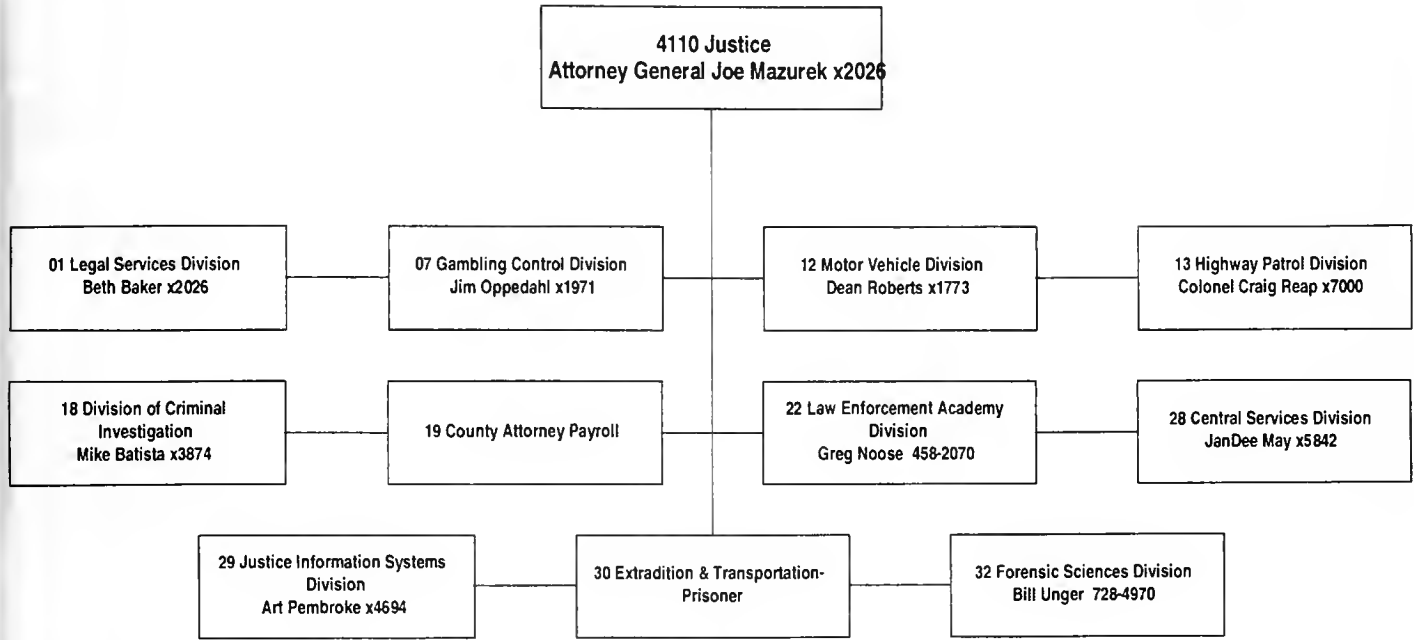
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	21.00	.00	.00	21.00	.00	.00	21.00
Personal Services	789,933	7,799	0	797,732	5,375	0	795,308
Operating Expenses	374,041	56,583	110,000	540,624	58,676	110,000	542,717
Grants	7,134,474	854,873	4,814,618	12,803,965	854,873	2,300,000	10,289,347
Benefits & Claims	773,000	155,600	0	928,600	155,600	0	928,600
<b>Total Costs</b>	<b>\$9,071,448</b>	<b>\$1,074,855</b>	<b>\$4,924,618</b>	<b>\$15,070,921</b>	<b>\$1,074,524</b>	<b>\$2,410,000</b>	<b>\$12,555,972</b>
General Fund	2,143,913	370,955	10,000	2,524,868	370,590	10,000	2,524,503
Federal Special	6,927,535	703,900	4,914,618	12,546,053	703,934	2,400,000	10,031,469
<b>Total Funds</b>	<b>\$9,071,448</b>	<b>\$1,074,855</b>	<b>\$4,924,618</b>	<b>\$15,070,921</b>	<b>\$1,074,524</b>	<b>\$2,410,000</b>	<b>\$12,555,972</b>

**Significant Present Law Adjustments -**

- Enhance statistical analysis center database - This recommendation provides the Crime Control Division with authority to spend \$10,000 in federal funds to be awarded from the Bureau of Justice Statistics annually to conduct statistical policy analyses.
- Regional juvenile detention increase - General fund to assist local governments with juvenile detention costs increases \$300,000 each year.
- Expand residential substance abuse treatment using \$385,000 additional federal funds
- Juvenile Justice Block Grant federal funds increase \$100,000 per year to aid community-based alternatives to juvenile incarceration
- Crime victim assistance expansion - Funding for the Crime Victim Assistance Grants has increased considerably over the years. Crime control was awarded \$1,311,000 for federal FY 1998 and increases by \$262,373 each year.
- Increase crime victims compensation for medical benefits

**New Proposals -**

- More federal funds for the Juvenile Accountability Incentive program
- State Identification System update
- Local government assistance at the Montana Law Enforcement Academy



**Mission Statement** - The Department of Justice will pursue activities and programs that seek to ensure and promote the public interest, safety and well-being through leadership, advocacy, education, regulation, and enforcement.

**Statutory Authority** - Sections 2-15-501, 2-15-2001 through -2021, and Title 44, MCA.

**Supplemental Appropriation Description** - The \$500,000 restricted biennial appropriation for major litigation may be exceeded by up to \$75,737 in general fund. The balance of the biennial appropriation was \$124,000 the end of September. Cases which will incur significant expenses through the end of the biennium include: Crow coal, Blackfeet water rights, abortion cases, voting rights, and state Board of Land Commissioners case.

**Executive Budget Recommendation -**

- Maintain major litigation level of \$500,000 for the biennium
- Assist county attorneys in handling child protection cases and other legal matters at a cost of \$669,456
- Full funding for post conviction reform approved by the 1997 Legislature for \$132,618
- Funding switch from gambling license fee account to general fund of \$300,000
- Replace COPS funding from federal authority to state special by \$71,968
- Restore funding for four highway patrol officers for a net increase of \$47,496
- Funding switch of highway special revenue to general fund for \$2 million
- Substance abuse prevention education for \$18,000
- Insurance and loss prevention maintenance for \$12,500
- Law enforcement academy maintenance improvements for \$25,000
- Increase police officer basic training to 12 weeks for \$36,000
- Criminal justice initiatives for \$887,416
- System development program support for \$169,156
- Reduce transportation coordinator to half time
- Toxicology lab technician for \$59,288
- Chemist position for the analysis of drug samples for \$106,097.

**Language** - The following language is recommended for HB2: "The department is authorized to transfer the retirement contributions provided in 19-6-404 and 61-5-121(1)(a) in fiscal years 2000 and 2001 from the highway patrol retirement clearing account in the state special revenue fund to the Montana highway patrol officers' retirement pension fund. An appropriation must be established each year in the amount required to be transferred up to the amount of \$750,000."

"The legislature recognizes that the costs associated with litigation in which the legal services division is required to provide representation to the State of Montana may exceed the appropriation provided. In that event, the department will need to request a supplemental appropriation from the 2001 legislature to adequately represent the state."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	684.70	0.20	19.50	704.40	0.20	19.50	704.40
Personal Services	25,649,929	973,873	770,432	27,394,234	894,202	765,071	27,309,202
Operating Expenses	11,387,205	1,733,068	1,202,209	14,322,482	1,610,593	1,004,382	14,002,180
Equipment	1,672,621	153,255	39,000	1,864,876	286,356	0	1,958,977
Debt Service	272,004	7,398	0	279,402	7,398	0	279,402
<b>Total Costs</b>	<b>\$38,981,759</b>	<b>\$2,867,594</b>	<b>\$2,011,641</b>	<b>\$43,860,994</b>	<b>\$2,798,549</b>	<b>\$1,769,453</b>	<b>\$43,549,761</b>
General Fund	18,131,783	1,444,134	1,919,483	21,495,400	1,298,181	1,991,651	21,421,615
State/Other Special	18,884,769	1,188,175	(841,700)	19,231,244	1,252,664	(985,526)	19,151,907
Federal Special	1,954,704	213,760	933,858	3,102,322	227,277	763,328	2,945,309
Proprietary	10,503	21,525	0	32,028	20,427	0	30,930
<b>Total Funds</b>	<b>\$38,981,759</b>	<b>\$2,867,594</b>	<b>\$2,011,641</b>	<b>\$43,860,994</b>	<b>\$2,798,549</b>	<b>\$1,769,453</b>	<b>\$43,549,761</b>

## LEGAL SERVICES DIVISION

01 Legal Services Division  
Beth Baker x2026

**Program Description -** The Legal Services Division of the Department of Justice represents the state in criminal matters before state and federal courts, at trial and on appeal; represents and advises state agencies in civil legal matters and bankruptcy; represents the state in constitutional challenges to state statutes; provides legal counsel to the divisions within the Department of Justice, advises the Attorney General on issues involving antitrust, ballot issues, water and land disputes, as well as Indian jurisdiction matters; provides general legal information to county attorneys and the public; provides legal assistance, training and support for county prosecutors; and drafts opinions for the review and signature of the Attorney General.

**Bankruptcy Unit -** FY 1998 was the first year of proprietary operation for the Bankruptcy unit. The goal of the unit is to keep fees at a level that covers operational expenses and allows for a sufficient cash flow balance. During FY 1998, the Bankruptcy Unit generated collections of \$379,803 for nine agencies. Fees of \$141,221 were charged to cover expenditures of \$115,585 and generate a cash flow balance. The remaining \$239,582 was returned to agency accounts. In FY 1999, collections of \$44,940 have occurred through October. The Bankruptcy unit has approximately 200 active cases with over \$4.3 million in claims at issue.

**Executive Budget Recommendation -**

- Maintain major litigation level of \$500,000 for the biennium
- Assist county attorneys in handling child protection cases and other legal matters at a general fund cost of \$498,109
- Full funding for post conviction reform approved by the 1997 Legislature for \$132,618
- Funding switch from gambling license fee account to general fund of \$300,000.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Criminal Appeals Opened Appellate Services	129	175	169	175	180	180
Criminal District Court Cases Opened Prosecution Services	-----Not Available-----		126	130	133	135
Active Civil Cases Civil Services	-----Not Available-----			35	38	41

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	37.25	.00	9.00	46.25	.00	9.00	46.25
Personal Services	1,870,963	90,297	341,868	2,303,128	81,380	339,506	2,291,849
Operating Expenses	724,519	(36,656)	47,850	735,713	(32,992)	47,850	739,377
Equipment	0	0	25,000	25,000	0	0	0
Debt Service	1,957	3,240	0	5,197	3,240	0	5,197
<b>Total Costs</b>	<b>\$2,597,439</b>	<b>\$56,881</b>	<b>\$414,718</b>	<b>\$3,069,038</b>	<b>\$51,628</b>	<b>\$387,356</b>	<b>\$3,036,423</b>
General Fund	2,231,804	11,660	426,290	2,669,754	7,238	504,437	2,743,479
State/Other Special	253,672	35,570	(100,000)	189,242	34,993	(200,000)	88,665
Federal Special	111,963	9,651	88,428	210,042	9,397	82,919	204,279
Proprietary	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$2,597,439</b>	<b>\$56,881</b>	<b>\$414,718</b>	<b>\$3,069,038</b>	<b>\$51,628</b>	<b>\$387,356</b>	<b>\$3,036,423</b>

**New Proposals -**

- Add five attorneys to assist county attorneys - This proposal will provide funding for five additional attorneys plus 2.50 support staff to assist county attorneys across the state in handling child protection cases and other legal matters in the district courts. The attorneys and staff will be under the supervision of the Prosecution Services Bureau and will be housed in the existing regional offices of the DPHHS Family Services Division. The general fund cost is \$257,287 in FY 2000 and \$240,822 in FY 2001. A federal grant is anticipated to fund \$88,428 in FY 2000 and \$82,919 in FY 2001.
- Full funding for post conviction reform approved by the 1997 Legislature - The 1997 Legislature recognized the importance of committing adequate resources to death penalty and other criminal appeals by passing HB222 and by providing additional funds to meet the increased demand on the Attorney General's office. During final action on HB2, the requested funding was cut in half. The executive recommends the addition of one attorney and a half-time support position at a general fund cost of \$69,003 in FY 2000 and \$63,615 in FY 2001.
- Fund switch from gambling license fee account to general fund to enable gambling treatment program funding. The executive recommends a funding switch of gambling license fee account to general fund of \$100,000 in FY 2000 and \$200,000 in FY 2001. The available license fee revenue will be used to fund a pathological gambling treatment program in the DPHHS.

**AGENCY LEGAL SERVICES**

06 Agency Legal Services  
Jim Scheier x5866

**Program Description -** Agency Legal Services Bureau provides cost-effective legal assistance to state agencies on a contractual basis. The bureau is funded on a proprietary basis, charging hourly fees and case-related costs to client agencies. Services include litigation, hearing examiner work, and general counsel. The Bankruptcy Program, which is attached to this bureau, also provides legal services to state agencies on a contractual basis in the area of bankruptcy and collections.

**Executive Budget Recommendation -**

- Base adjustments to annualize costs for staff hired in FY 1999

## Proprietary Rates

### Revenues and Expenses -

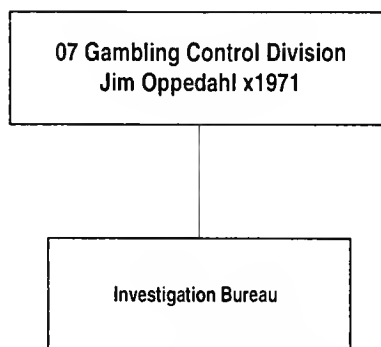
**Change in the provision of service or level of fees** - The appropriation level requested for Agency Legal Services (ALS) includes normal operational expenses along with expenses for an additional paralegal position. The increasing workload experienced by ALS requires additional assistance. This position will perform legal preparation, investigative work and administrative duties, allowing the attorneys to focus on the more complex legal assignments. Expenditures generated by the additional position will be offset through billable hours. The majority of ALS revenue is generated by an hourly fee of \$62 for attorneys and \$35 for paralegals. These fees cover all associated personal services costs of attorneys and paralegals, operating expenses, and administrative support staff expenses. Remaining revenues are direct charges to clients for costs specific to a case such as expert witnesses, and legal filings. The goal of this program is to provide affordable legal assistance to state agencies by keeping expenses to a minimum.

**Working Capital** - The ALS account should have a 60 day working capital reserve. This level has never been attained. A rate increase received during the 1997 Legislature and beginning in FY 1998 was the first rate increase in seven years. The new rate structure has gradually increased the cash balance and will hopefully produce a 30 day working capital reserve by the end of the 2001 biennium. If this reserve does not continue to grow beyond a 30 day reserve, a rate increase may be needed for the 2003 biennium.

**Fund Equity and Reserved Fund Balance** - An adequate reserve fund balance is necessary to provide for adequate cash flow to meet operational expenses and to cover the costs of termination pay and the related reduced billable hours for new employees in training. ALS has a negative fund balance and no working capital reserve. Because of the lag between billing and receipt of cash, loans are necessary until year-end when all agencies are required to be current with their payables. The rate increase approved by the 1997 Legislature should eliminate the negative fund balance and begin producing a working capital reserve.

**Cash Flow** - Cash revenue flow is based on monthly billings. The delay in receipt of revenue requires an on-going inter-entity loan to meet payroll commitments and operational expenses. The rate increase, which began in FY 1998, should gradually eliminate the need for inter-entity loans.

## GAMBLING CONTROL DIVISION



**Program Description** - The Gambling Control Division was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is responsible for: 1) collecting and distributing the gambling tax assessed on the net proceeds of gambling activities, and 2) investigative functions relating to alcoholic beverage licensing and tobacco enforcement. The gambling control program operates as a state mandate. An appointed gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities.

### Executive Budget Recommendation -

- Base adjustments to annualize expenditures of the beer and wine (cabaret) licensure effort enacted by SB354



**DEPARTMENT OF JUSTICE  
GAMBLING CONTROL DIVISION**

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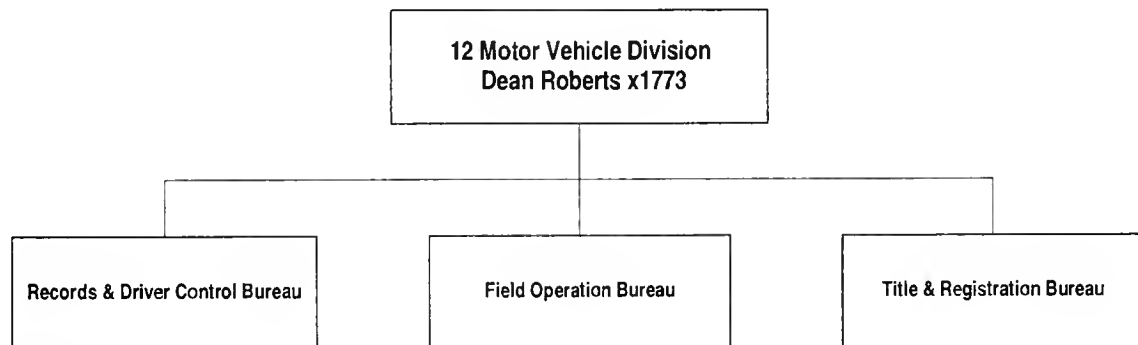
**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
VGM Tax Collected	\$32,200,000	\$33,800,000	\$36,700,000	\$38,500,000	\$39,200,000	\$40,500,000
Gambling Permits	18,982	19,863	19,324	20,359	21,441	22,581
Liquor & Gambling License Investigations	731	751	788	806	826	846

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	47.00	.00	.00	47.00	.00	.00	47.00
Personal Services	1,759,219	68,123	0	1,827,342	58,398	0	1,817,617
Operating Expenses	521,904	90,890	0	612,794	93,027	0	614,931
Equipment	12,249	39,000	0	51,249	26,000	0	38,249
<b>Total Costs</b>	<b>\$2,293,372</b>	<b>\$198,013</b>	<b>\$0</b>	<b>\$2,491,385</b>	<b>\$177,425</b>	<b>\$0</b>	<b>\$2,470,797</b>
General Fund	454,934	49,544	0	504,478	45,280	0	500,214
State/Other Special	1,838,438	148,469	0	1,986,907	132,145	0	1,970,583
<b>Total Funds</b>	<b>\$2,293,372</b>	<b>\$198,013</b>	<b>\$0</b>	<b>\$2,491,385</b>	<b>\$177,425</b>	<b>\$0</b>	<b>\$2,470,797</b>

**MOTOR VEHICLE DIVISION**



**Program Description -** The Motor Vehicle Division (MVD), under provision of Title 61, Chapters 2-6, 8, 11, and 12 and Title 23, Chapters 2 and 3, MCA, and certain federal statutes is responsible for examination and licensure of all drivers; creation and maintenance of permanent driver's and motor vehicle records; titling and registration of all vehicles including boats, snowmobiles and ATVs; inspection and verification of vehicle identification numbers (VIN), investigation of VIN and odometer fraud; licensure and compliance control of motor vehicle dealers and manufacturers; furnishing training in the use of the automated title and registration system for county treasurers, motor vehicle dealers and financial institutions; and providing motor voter registration.

**Executive Budget Recommendation -**

- Base adjustments for motor vehicle titling and registration program
- Base adjustments for driver licensing program

# DEPARTMENT OF JUSTICE MOTOR VEHICLE DIVISION

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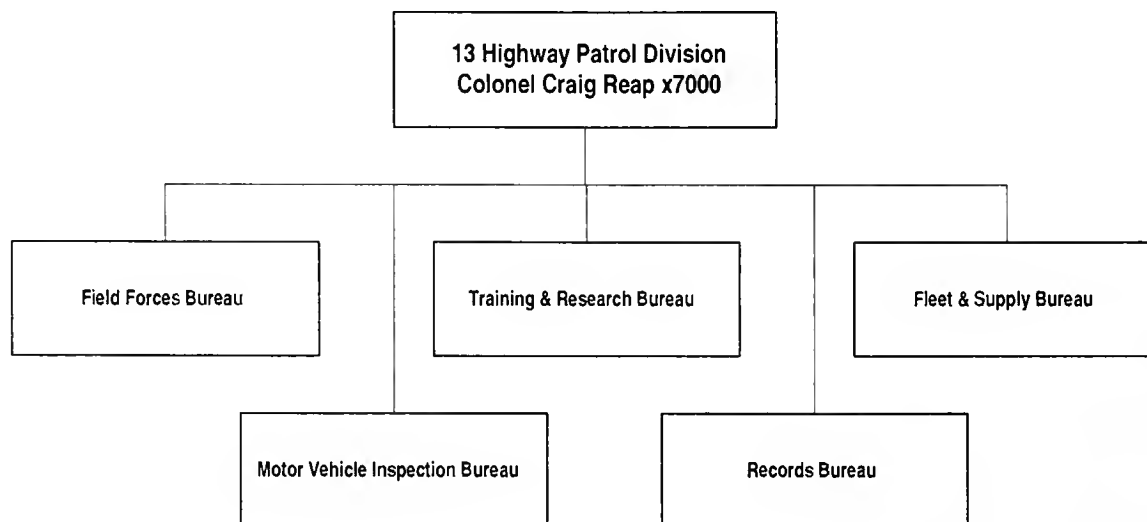
## Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Vehicle Titles Issued	383,960	407,020	410,008	423,743	437,938	452,609
Vehicles Registered	966,774	988,409	1,017,593	1,043,949	1,070,987	1,098,726
Driver Licenses Issued	197,405	206,394	197,192	216,798	200,668	144,658
Convictions Entered On Record	87,110	89,714	88,878	89,000	92,000	94,000

## Program Proposed Budget

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	160.60	.00	.00	160.60	.00	.00	160.60
Personal Services	4,263,973	189,542	0	4,453,515	167,940	0	4,431,913
Operating Expenses	3,264,859	191,539	0	3,456,398	66,328	0	3,331,187
Equipment	158,098	(143,098)	0	15,000	(155,450)	0	2,648
Debt Service	155,475	(3,486)	0	151,989	(3,486)	0	151,989
Total Costs	\$7,842,405	\$234,497	\$0	\$8,076,902	\$75,332	\$0	\$7,917,737
General Fund	7,356,352	317,497	0	7,673,849	158,332	0	7,514,684
State/Other Special	486,053	(83,000)	0	403,053	(83,000)	0	403,053
Total Funds	\$7,842,405	\$234,497	\$0	\$8,076,902	\$75,332	\$0	\$7,917,737

## HIGHWAY PATROL DIVISION



**Program Description -** The Highway Patrol Division is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists, first-aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle crashes in the state by participating in the Commercial Vehicle Safety Alliance and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

**Executive Budget Recommendation -**

- Base adjustments for the highway patrol
- Recruit school budget adjustments
- Motor carrier safety assistance program base adjustments
- Legislative contract authority for \$300,000
- Replace COPS funding from federal authority to state special for \$71,968
- Restore funding for four highway patrol officers for a net increase of \$47,496
- Funding switch of highway special revenue to general fund for \$2 million

**Program Indicators -**

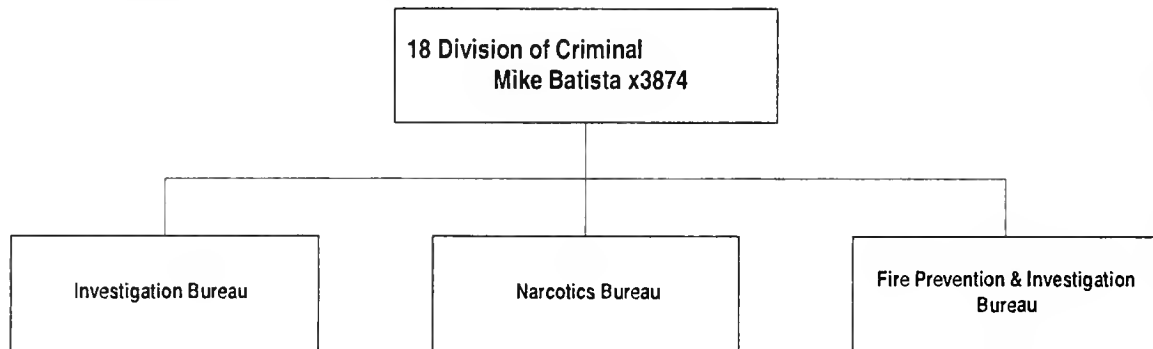
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Calls for Service	71,067	69,511	71,654	73,732	75,870	78,070
Injury Crashes	3,237	3,407	3,412	3,579	3,755	3,792
Fatal Crashes	186	185	239	239	239	239
Com. Vehicle Crashes	1,027	936	881	800	750	700

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	276.55	.00	.00	276.55	.00	.00	276.55
Personal Services	10,699,665	126,655	0	10,826,320	78,359	0	10,778,024
Operating Expenses	3,712,347	725,605	173,748	4,611,700	770,232	173,748	4,656,327
Equipment	1,286,358	168,889	0	1,455,247	296,842	0	1,583,200
<b>Total Costs</b>	<b>\$15,698,370</b>	<b>\$1,021,149</b>	<b>\$173,748</b>	<b>\$16,893,267</b>	<b>\$1,145,433</b>	<b>\$173,748</b>	<b>\$17,017,551</b>
General Fund	0	0	1,042,073	1,042,073	0	1,083,606	1,083,606
State/Other Special	15,024,010	845,751	(838,405)	15,031,356	971,905	(879,938)	15,115,977
Federal Special	674,360	175,398	(29,920)	819,838	173,528	(29,920)	817,968
<b>Total Funds</b>	<b>\$15,698,370</b>	<b>\$1,021,149</b>	<b>\$173,748</b>	<b>\$16,893,267</b>	<b>\$1,145,433</b>	<b>\$173,748</b>	<b>\$17,017,551</b>

**New Proposals -**

- Recommend legislative contract authority of \$300,000 for grants
- Replace COPS Highway Traffic Safety federal grant with highway state special revenue
- Restore funding for four officer positions - The executive recommends funding to restore four Highway Patrol officer positions left unfunded by the 1997 Legislature. These positions were originally funded with time restricted federal funds. The recommended level of funding needed from the state special revenue account is \$167,684 each year of the biennium. Projected costs are based on the FY 1999 pay plan a cost of \$41,921 per officer (\$35,984 personal services, \$5,937 operating expenses). A reduction in federal authority of \$143,936 per year should occur, leaving a net budget increase of \$23,748 per fiscal year.
- Funding switch of prisoner per diem and medical services from highway special revenue to general fund.



**Program Description** - The Division of Criminal Investigation includes the administration, management, and coordination of a broad spectrum of criminal investigative services performed by the Investigations Bureau, the Narcotics Bureau, the Fire Prevention and Investigation Bureau. Criminal investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, dangerous drug activity, and other felony crimes. The program activity includes conducting criminal investigations of state agencies and providing investigative training to law enforcement officers. The division emphasizes providing adequate specialized drug enforcement resources to address drug abuse and drug trafficking in Montana. The division also has specialized criminal investigation units for the following fraud investigation: 1) workers' compensation; 2) welfare; 3) Medicaid (enacted by the 1995 Legislature by SB 293); and 4) legislative audits. The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Division of Criminal Investigation operates under both state and federal mandates.

**Executive Budget Recommendation -**

- Base adjustments for the division of criminal investigation
- Legislative contract authority for \$250,000.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Investigations/cases	572	522	543	-----Unable to Predict-----		
Fire/Life Safety Inspections	1,105	945	973	-----Unable to Predict-----		
Training Provided to Local Agencies	41	48	75	-----Unable to Predict-----		

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	62.50	.00	.00	62.50	.00	.00	62.50
Personal Services	2,351,310	188,618	0	2,539,928	177,374	0	2,528,684
Operating Expenses	958,953	82,021	125,000	1,165,974	87,188	125,000	1,171,141
Equipment	76,825	16,760	0	93,585	16,760	0	93,585
Debt Service	2,146	0	0	2,146	0	0	2,146
<b>Total Costs</b>	<b>\$3,389,234</b>	<b>\$287,399</b>	<b>\$125,000</b>	<b>\$3,801,633</b>	<b>\$281,322</b>	<b>\$125,000</b>	<b>\$3,795,556</b>
General Fund	1,920,564	262,463	0	2,183,027	255,824	0	2,176,388
State/Other Special	340,438	(3,611)	0	336,827	(18,725)	0	321,713
Federal Special	1,128,232	28,547	125,000	1,281,779	44,223	125,000	1,297,455
<b>Total Funds</b>	<b>\$3,389,234</b>	<b>\$287,399</b>	<b>\$125,000</b>	<b>\$3,801,633</b>	<b>\$281,322</b>	<b>\$125,000</b>	<b>\$3,795,556</b>

**New Proposals -**

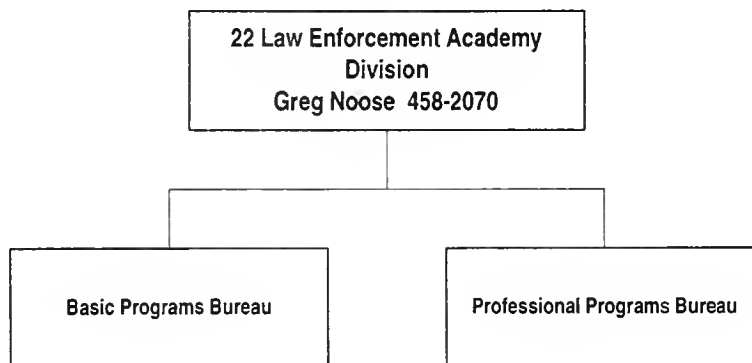
- Recommend legislative contract authority of \$250,000 for grants

19 County Attorney Payroll

**Program Description -** The County Attorney Payroll program pays one-half the salary and benefits of the 56 county attorneys from the state general fund, as required by 7-4-2502, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	21.05	0.20	.00	21.25	0.20	.00	21.25
Personal Services	1,484,187	97,867	0	1,582,054	134,131	0	1,618,318
Operating Expenses	17	(17)	0	0	(17)	0	0
<b>Total Costs</b>	<b>\$1,484,204</b>	<b>\$97,850</b>	<b>\$0</b>	<b>\$1,582,054</b>	<b>\$134,114</b>	<b>\$0</b>	<b>\$1,618,318</b>
General Fund	1,484,204	97,850	0	1,582,054	134,114	0	1,618,318
<b>Total Funds</b>	<b>\$1,484,204</b>	<b>\$97,850</b>	<b>\$0</b>	<b>\$1,582,054</b>	<b>\$134,114</b>	<b>\$0</b>	<b>\$1,618,318</b>

**LAW ENFORCEMENT ACADEMY**



**Program Description -** The Montana Law Enforcement Academy provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the adult and juvenile criminal justice systems.

**Executive Budget Recommendation -**

- Base adjustments for the MLEA
- Substance abuse prevention education for \$18,000
- Insurance and loss prevention maintenance for \$12,500
- Law enforcement academy maintenance improvements for \$25,000
- Legislative contract authority for \$300,000
- Increase police officer basic training to 12 weeks for \$36,000

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Number of Programs	179	187	233	233	233	233
Officers Trained at Academy	1,049	1,137	1,558	1,558	1,558	1,558
Officers Trained Regionally	2,379	2,595	2,497	2,497	2,497	2,497

**DEPARTMENT OF JUSTICE  
LAW ENFORCEMENT ACADEMY DIV**

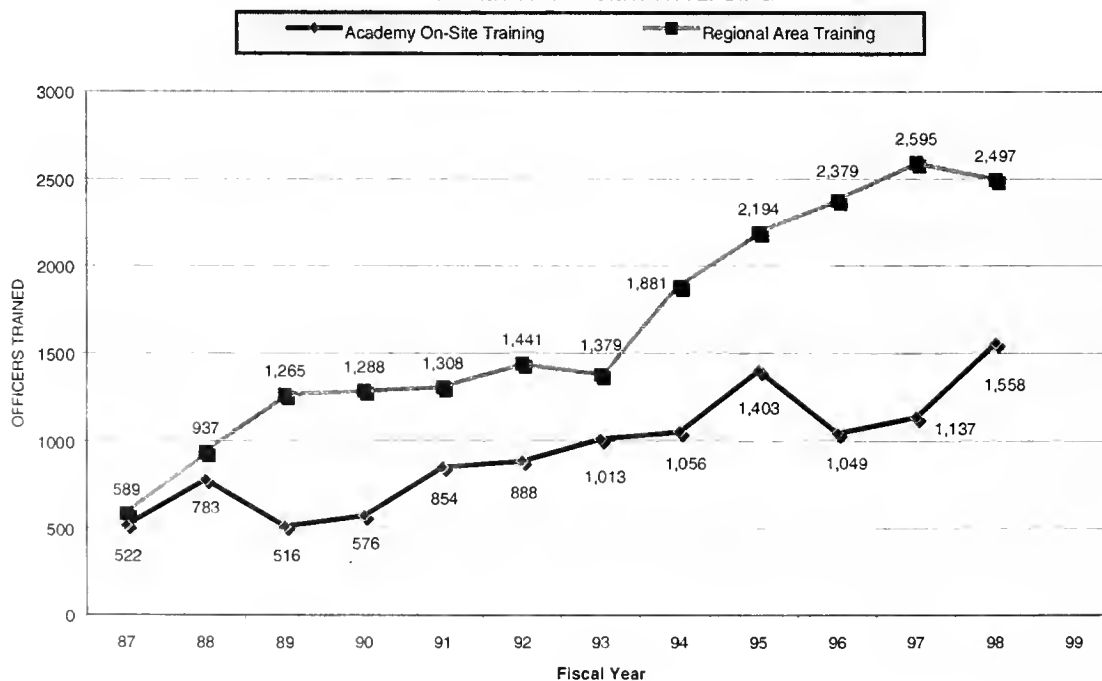
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Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.50	.00	.00	11.50	.00	.00	11.50
Personal Services	410,018	34,882	0	444,900	32,548	0	442,566
Operating Expenses	468,502	30,792	211,000	710,294	30,781	180,500	679,783
Debt Service	80,981	3,600	0	84,581	3,600	0	84,581
<b>Total Costs</b>	<b>\$959,501</b>	<b>\$69,274</b>	<b>\$211,000</b>	<b>\$1,239,775</b>	<b>\$66,929</b>	<b>\$180,500</b>	<b>\$1,206,930</b>
General Fund	959,501	69,274	61,000	1,089,775	66,929	30,500	1,056,930
State/Other Special	0	0	50,000	50,000	0	50,000	50,000
Federal Special	0	0	100,000	100,000	0	100,000	100,000
<b>Total Funds</b>	<b>\$959,501</b>	<b>\$69,274</b>	<b>\$211,000</b>	<b>\$1,239,775</b>	<b>\$66,929</b>	<b>\$180,500</b>	<b>\$1,206,930</b>

**New Proposals -**

- Substance abuse prevention education - A substance abuse prevention education program is one that is designed to train law enforcement officers to be more involved with youth and the communities. Current research shows this type of training to be an important component of community policing. This program would be offered every other year at a general fund cost of \$18,000 in FY 2000.
- One-time maintenance projects identified by insurance and loss prevention agencies - This proposal funds campus maintenance projects at the MLEA that could not be funded or otherwise accomplished during the recent renovation of the buildings and grounds at the former Mountain View School. The one-time general fund cost is \$12,500 in FY 2000.
- Provide \$12,500 general fund each year for ongoing maintenance needs
- Recommend legislative contract authority of \$300,000 for grants
- Increase basic training to 12 weeks - General fund of \$18,000 each year is recommended to extend the entry-level certification training course for new police officers from the current length of 11 weeks to 12 weeks. A 12-week session will add training time and new training topics.

**MONTANA LAW ENFORCEMENT ACADEMY  
TOTAL NUMBER OF OFFICERS ATTENDING**



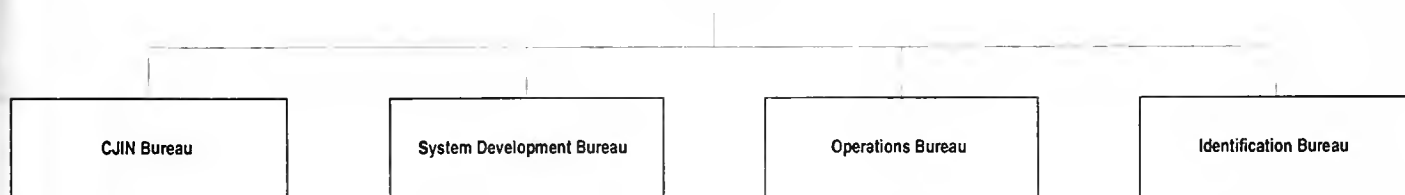
28 Central Services Division  
JanDee May x5842

**Program Description** - The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll and Transportation of Prisoners program expenditures.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	11.25	.00	.00	11.25	.00	.00	11.25
Personal Services	435,140	18,421	0	453,561	16,574	0	451,714
Operating Expenses	114,202	10,599	0	124,801	(42,459)	0	71,743
<b>Total Costs</b>	<b>\$549,342</b>	<b>\$29,020</b>	<b>\$0</b>	<b>\$578,362</b>	<b>(\$25,885)</b>	<b>\$0</b>	<b>\$523,457</b>
General Fund	238,380	15,191	0	253,571	(8,966)	0	229,414
State/Other Special	300,459	12,732	0	313,191	(16,918)	0	283,541
Proprietary	10,503	1,097	0	11,600	(1)	0	10,502
<b>Total Funds</b>	<b>\$549,342</b>	<b>\$29,020</b>	<b>\$0</b>	<b>\$578,362</b>	<b>(\$25,885)</b>	<b>\$0</b>	<b>\$523,457</b>

## JUSTICE INFORMATION SYSTEMS

29 Justice Information Systems  
Division  
Art Pembroke x4694



**Program Description** - The Justice Information Systems Division provides a full range of information technology and criminal justice services for the Department of Justice including: 1) system development and maintenance of the motor vehicle registration system; 2) driver history system; 3) criminal history record information system and the Montana Uniform Crime Reporting System; 4) support for the Department of Justice computer system; 5) identification services for the criminal justice community through criminal history record checking and fingerprint processing; and 6) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

**Executive Budget Recommendation -**

- Base adjustments for the division
- Criminal justice initiatives for \$887,416
- System development program support for \$169,156
- Legislative contract authority for \$600,000

Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Criminal Fingerprints Processed	26,254	28,653	31,353	34,053	36,753	39,453
Record Checks	24,265	25,959	26,959	27,959	28,959	29,959
System Development Requests	168	177	121	190	210	245
CJIN Devices Supported	165	178	212	312	412	512
CJIN Operators Trained	210	153	7	350	300	150

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	34.00	9.00	.00	43.00	9.00	.00	43.00
Personal Services	1,224,189	112,895	361,779	1,698,863	105,544	359,243	1,688,976
Operating Expenses	1,036,968	446,273	543,358	2,026,599	446,937	378,192	1,862,097
Equipment	7,295	0	14,000	21,295	0	0	7,295
Debt Service	31,445	0	0	31,445	0	0	31,445
<b>Total Costs</b>	<b>\$2,299,897</b>	<b>\$559,168</b>	<b>\$919,137</b>	<b>\$3,778,202</b>	<b>\$552,481</b>	<b>\$737,435</b>	<b>\$3,589,813</b>
General Fund	1,914,320	304,286	406,044	2,624,650	297,599	389,117	2,601,036
State/Other Special	385,577	231,886	0	617,463	231,886	0	617,463
Federal Special	0	2,568	513,093	515,661	2,568	348,318	350,886
Proprietary	0	20,428	0	20,428	20,428	0	20,428
<b>Total Funds</b>	<b>\$2,299,897</b>	<b>\$559,168</b>	<b>\$919,137</b>	<b>\$3,778,202</b>	<b>\$552,481</b>	<b>\$737,435</b>	<b>\$3,589,813</b>

New Proposals -

- Criminal justice initiatives - The state currently operates a series of independent criminal justice information systems with limited sharing of information among state agencies and between state and local agencies. These systems have been in place for more than 20 years and are no longer capable of meeting the demands from law enforcement, legislators, and the public for more accurate and comprehensive information. The executive recommends funding the Criminal Justice Information System (CJIS) at a general fund cost of \$321,514 in FY 2000 and \$304,491 in FY 2001. A federal BCC grant will provide \$213,093 in FY 2000 and \$48,318 in FY 2001. Federal mandates have forced the state to plan for substantial improvements to its information system for FY 2000.
- Recommend legislative contract authority of \$600,000 for grants
- Add 2.00 FTE systems development programming staff to help with the 8+ year backlog - The DOJ runs some of the largest statewide systems which include 24 hours-a-day, 7 days-a-week law enforcement systems. This recommendation will address the growing backlog of requests at a general fund cost of \$84,530 in FY 2000 and \$84,626 in FY 2001.



**30 Extradition & Transportation-  
Prisoner  
Carol Smith x5565**

**Program Description -** The Extradition and Transportation of Prisoners program reimburses county sheriffs for allowable expenses associated with transporting prisoners to Montana detention centers and for expenses of extraditing prisoners to Montana.

**Executive Budget Recommendation -**

- Base adjustment for extradition and transportation of prisoners program
- Reduce transportation coordinator to half time

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of Extraditions	104	96	122	120	120	120

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1.00	.00	(0.50)	0.50	.00	(0.50)	0.50
Personal Services	0	23,777	(10,267)	13,510	23,621	(10,191)	13,430
Operating Expenses	164,587	(24,430)	(5,657)	134,500	(24,269)	(5,818)	134,500
<b>Total Costs</b>	<b>\$164,587</b>	<b>(\$653)</b>	<b>(\$15,924)</b>	<b>\$148,010</b>	<b>(\$648)</b>	<b>(\$16,009)</b>	<b>\$147,930</b>
General Fund	164,587	(653)	(15,924)	148,010	(648)	(16,009)	147,930
<b>Total Funds</b>	<b>\$164,587</b>	<b>(\$653)</b>	<b>(\$15,924)</b>	<b>\$148,010</b>	<b>(\$648)</b>	<b>(\$16,009)</b>	<b>\$147,930</b>

**New Proposals -**

- Transfer 0.50 FTE transportation coordinator - The executive recommends a transfer of 0.50 FTE and associated costs of the transportation coordinator position from the Department of Justice to the Department of Corrections. The general fund cost is \$15,924 in FY 2000 and \$16,009 in FY 2001.

**FORENSIC SCIENCES DIVISION**

**32 Forensic Sciences Division  
Bill Unger 728-4970**

**Program Description -** The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

**Executive Budget Recommendation -**

- Base budget adjustments
- Toxicology lab technician for \$59,288
- Chemist position for the analysis of drug samples for \$106,097
- Legislative contract authority for \$200,000

Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Cases Received from Law Enforcement	3,466	3,766	4,106	4,469	4,865	5,295

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	22.00	2.00	.00	24.00	.00	2.00	24.00
Personal Services	1,151,265	22,796	77,052	1,251,113	18,333	76,513	1,246,111
Operating Expenses	420,347	216,452	106,910	743,709	215,837	104,910	741,094
Equipment	131,796	71,704	0	203,500	102,204	0	234,000
Debt Service	0	4,044	0	4,044	4,044	0	4,044
<b>Total Costs</b>	<b>\$1,703,408</b>	<b>\$314,996</b>	<b>\$183,962</b>	<b>\$2,202,366</b>	<b>\$340,418</b>	<b>\$181,423</b>	<b>\$2,225,249</b>
General Fund	1,407,137	317,022	0	1,724,159	342,479	0	1,749,616
State/Other Special	256,122	378	46,705	303,205	378	44,412	300,912
Federal Special	40,149	(2,404)	137,257	175,002	(2,439)	137,011	174,721
<b>Total Funds</b>	<b>\$1,703,408</b>	<b>\$314,996</b>	<b>\$183,962</b>	<b>\$2,202,366</b>	<b>\$340,418</b>	<b>\$181,423</b>	<b>\$2,225,249</b>

New Proposals -

- Add 1.00 FTE toxicology lab technician to help reduce the backlog of drug analysis - The toxicology section is experiencing a continued growth in the analysis of samples primarily for local coroners, but also for law enforcement cases. The executive recommends 1.00 FTE toxicology lab technician and earmarked alcohol tax funds of \$30,738 in FY 2000 and \$28,550 in FY 2001.
- Chemist position for the analysis of drug samples - This recommendation will continue a 1.00 FTE chemist position added in FY 1999 by an ongoing grant from the Board of Crime Control. The Forensic Science Division is responsible for analyzing drug samples sent in by law enforcement agencies throughout Montana. During the past eight years, the number of drug samples sent to the division for analysis increased 159% from 1,407 in FY 1990 to 3,643 in FY 1997 with no increase in staff. This trend continued into FY 1998 and resulted in a four month turnaround time for analysis of drug cases. This position is funded with 70% federal funds and 30% alcohol funds.
- Recommend legislative contract authority of \$200,000 for grants

## 01 Public Service Commission

**Mission Statement** - To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

**Statutory Authority** - Title 69

**Program Description** - The Public Service Commission (PSC) is composed of five members elected by district. It is empowered by the Legislature to balance the interests of rate payers with those of regulated utility and transportation monopoly providers, and to ensure the transition to robust competition for entities, which no longer are monopolies. The main areas of PSC involvement are with telephone service, natural gas service, electric service, supplier licensing, pipeline safety, motor carrier transportation consisting of passenger, household goods and solid waste, and railroad safety. Through contested cases, investigations, inquiries and rule makings, the PSC sets and reviews rates, conditions of service and establishes safety regulations. It participates in federal proceedings, if necessary, so as to ensure a compatible regulatory framework for companies simultaneously involved in interstate and intrastate provision of utility and transportation services. Statutory authority for the commission is found in Title 69, Chapter 1, part 1, MCA.

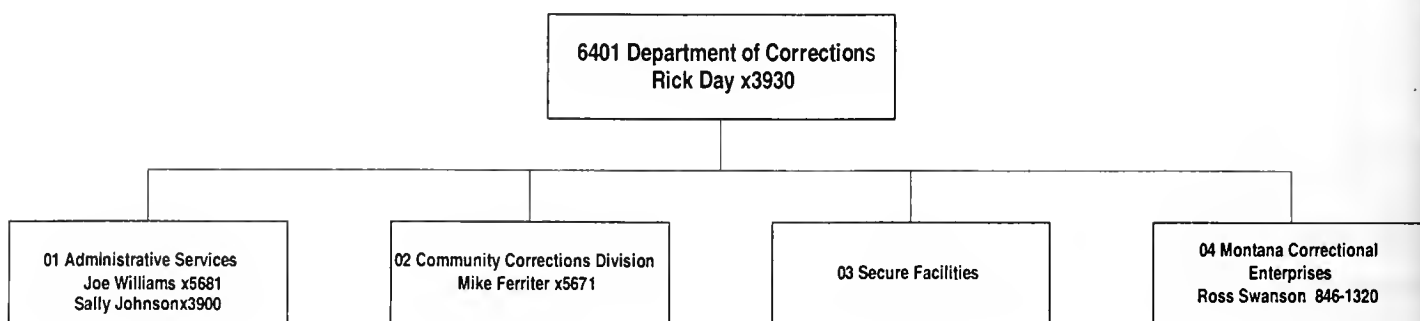
**Language Recommendations-** The following language is recommended for HB2:

"It is the intent of the legislature that the remaining funds, up to a total of \$650,000, collected for the Montana universal access program in fiscal year 1998 and fiscal year 1999 be spent in the 2001 biennium for the same purposes."

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	39.50	.00	.00	39.50	.00	.00	39.50
Personal Services	1,736,277	89,566	0	1,825,843	76,897	0	1,813,174
Operating Expenses	499,197	114,551	0	613,748	(7,609)	0	491,588
Equipment	(4,313)	39,313	0	35,000	19,313	0	15,000
<b>Total Costs</b>	<b>\$2,231,161</b>	<b>\$243,430</b>	<b>\$0</b>	<b>\$2,474,591</b>	<b>\$88,601</b>	<b>\$0</b>	<b>\$2,319,762</b>
State/Other Special	2,212,496	243,448	0	2,455,944	87,873	0	2,300,369
Federal Special	18,665	(18)	0	18,647	728	0	19,393
<b>Total Funds</b>	<b>\$2,231,161</b>	<b>\$243,430</b>	<b>\$0</b>	<b>\$2,474,591</b>	<b>\$88,601</b>	<b>\$0</b>	<b>\$2,319,762</b>

**Significant Present Law Adjustments -**

- Hire consultants to handle special projects or additional workload
- Montana Universal Access Program collections cease after FY 1999 - The adjustment removes FY 1998 expenditures from the base. Language in HB2 will provide authority to spend the balance in the account on the program.



**Mission Statement** - The Department of Corrections is dedicated to public safety and trust by holding adult and juvenile offenders accountable for their actions against victims through custody, supervision, treatment, work, restitution and skill development.

**Statutory Authority** - 2-15-2301, MCA and 53-1-201, MCA

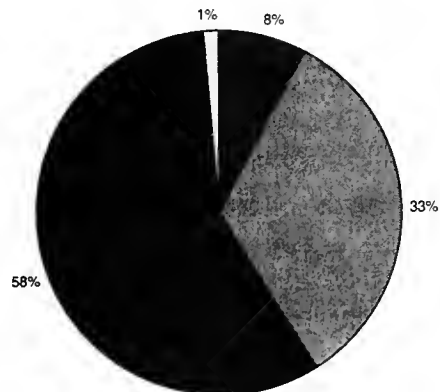
**Executive Budget Recommendation -**

- Renew the Montana Women's Prison through a building project using state and federal funds designed to improve infrastructure, reception, parenting and capacity to make the prison capable of incarcerating 205 female felony offenders.
- Expand the Missoula pre-release program by 80 male and 20 female offenders, and establish a 40-bed pre-release center in a new community.
- Renew Pine Hills Youth Correctional Facility through construction, staffing, and operation of a more efficient and secure 144-bed facility.
- Add probation and parole officers to keep pace with caseload growth, Supreme Court opinions, and reduce workload per officer to increase quality of offender supervision.
- Add intensive supervision officers to expand the program to at least one new community, respond to caseload increases, and provide improved electronic monitoring.
- Bring into operation a minimum of 644 new male prison spaces in Montana.
- Design and begin construction of a new 160-bed high side central inmate reception unit at Montana State Prison using primarily federal funds to provide more efficient screening, placement and emergency backup for a male prison system which will expand from one prison location to five by the end of the biennium.
- Double the basic classes through the Montana Law Enforcement Academy in response to the increased demand for training and to limit potential liability.
- Improve effectiveness in DOC response to sexual offenders including new testing and prison treatment resources, community space for prison transition, and specialized probation and parole officers to enhance community security.
- Add a risk identification and assessment unit to improve system safety, reduce liability, and provide pre-incident identification of risk.
- Enhance hiring practices and training during the employee's probation period through a combination of field officer training programs and drug and psychological testing.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	1016.43	.00	41.45	1057.88	.00	68.95	1085.38
Personal Services	33,564,808	4,026,783	1,380,046	38,971,637	3,858,649	2,293,828	39,717,285
Operating Expenses	34,435,265	8,700,107	1,028,738	44,164,110	12,836,394	1,788,384	49,060,043
Equipment	522,147	132,588	18,019	672,754	45,735	20,000	587,882
Grants	20,401	0	0	20,401	0	0	20,401
Benefits & Claims	7,556,987	606,190	0	8,163,177	(167,723)	0	7,389,264
Debt Service	119,356	223,500	0	342,856	223,500	0	342,856
<b>Total Costs</b>	<b>\$76,218,964</b>	<b>\$13,689,168</b>	<b>\$2,426,803</b>	<b>\$92,334,935</b>	<b>\$16,796,555</b>	<b>\$4,102,212</b>	<b>\$97,117,731</b>
General Fund	74,050,869	13,330,471	2,296,056	89,677,396	16,464,041	3,952,865	94,467,775
State/Other Special	1,337,919	263,835	1,645	1,603,399	261,324	2,193	1,601,436
Federal Special	469,511	15,888	129,102	614,501	(2,890)	147,154	613,775
Capital Projects	0	0	0	0	0	0	0
Proprietary	361,884	77,755	0	439,639	72,861	0	434,745
<b>Total Funds</b>	<b>\$76,220,183</b>	<b>\$13,687,949</b>	<b>\$2,426,803</b>	<b>\$92,334,935</b>	<b>\$16,795,336</b>	<b>\$4,102,212</b>	<b>\$97,117,731</b>

FY98-FY99 HB2 Actual &amp; Appropriated Funds

Total = \$161,173,387



■ Admin. & Support Services  
 ■ Community Corrections  
 ■ Secure Facilities  
 □ MCE

01 Administrative Services Division Joe Williams x5681	Professional Services Sally Johnson x3900
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**Program Description** - The Administration and Support Services program includes the Director's Office, Administrative Services, Professional Services and the administratively attached Board of Pardons and Parole. This program supports the department mission by providing human resource, fiscal and legal information, technical correctional services, policy and staff development, research, facility management, and access to health care services to the department personnel and programs, government entities and the public.

The Board of Pardons, as part of the criminal justice process, serves all Montana citizens by administering a flexible system of punishment which fully protects society. All employees and members of the board are committed to securing the effective application of and improvements to the clemency and parole system as well as of the laws upon which they are based. The parole process is administered in an effective, humane, safe and just manner.

**Executive Budget Recommendation -**

- Administrative services present law adjustments
- Risk management established
- Montana Law Enforcement Academy trainer added
- Professional services present law adjustments
- Board of Pardons present law adjustments
- Financial specialists added
- Outside medical present law adjustments
- Establish a victims officer position
- Increase Board of Pardons staff
- Provide for random controlled substance testing

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	148.65	.00	8.00	156.65	.00	8.00	156.65
Personal Services	4,634,945	1,195,623	295,295	6,125,863	1,167,096	293,584	6,095,625
Operating Expenses	6,400,924	1,449,161	279,805	8,129,890	1,790,463	219,486	8,410,873
Equipment	37,154	45,470	0	82,624	6,525	0	43,679
Debt Service	48,300	0	0	48,300	0	0	48,300
<b>Total Costs</b>	<b>\$11,121,323</b>	<b>\$2,690,254</b>	<b>\$575,100</b>	<b>\$14,386,677</b>	<b>\$2,964,084</b>	<b>\$513,070</b>	<b>\$14,598,477</b>
General Fund	11,068,708	2,683,839	508,210	14,260,757	2,965,023	481,397	14,515,128
State/Other Special	4,444	(565)	0	3,879	(3,076)	0	1,368
Federal Special	0	0	66,890	66,890	0	31,673	31,673
Capital Projects	0	0	0	0	0	0	0
Proprietary	49,390	5,761	0	55,151	918	0	50,308
<b>Total Funds</b>	<b>\$11,122,542</b>	<b>\$2,689,035</b>	<b>\$575,100</b>	<b>\$14,386,677</b>	<b>\$2,962,865</b>	<b>\$513,070</b>	<b>\$14,598,477</b>

**Significant Present Law Adjustments -**

- Motor pool costs for vehicle added in FY 1999
- Microfiche reader and Tricoder/scanner at a general fund cost of \$16,945
- VINE funding change - The operating costs were funded with a Montana Board of Crime Control grant in FY 1998; general fund for continuation is \$36,000 each year.
- Outside medical present law adjustment - The budgeted average daily population (ADP) is 2,919 in FY 2000 and

3,097 in FY 2001. This is 58 ADP less in FY 2000 and 200 less in FY 2001 than DOC projections. FY 1998 actual expenditures for medical were \$2,795,532 in FY1998 or \$3.10 per ADP per day. The present law general fund increase is \$850,484 in FY 2000 and \$1,255,792 in FY 2001.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
VINE - Registered Numbers	N/A	N/A	246	296	300	300
Calls made to VINE	N/A	N/A	5,902	8,518	9,710	10,680
VINE went on-line 8/14/97						

**New Proposals -**

- Add 2.00 FTE administrative officers with related expenses to the Board of Pardons and Parole - Due to an increasing correction population, additional staff is necessary to ensure information is provided to the board in making decisions which provide for public safety and the return of appropriate offenders to the community. The general fund cost for 2.00 FTE administrative officers is \$98,402 in FY 2000 and \$83,597 in FY 2001.
- Training - Recommended training will greatly enhance the board's ability to provide needed service to the state and ensure public safety. The general fund cost of training is \$3,750 each year of the 2001 biennium.
- ACA Accreditation - The requested accreditation process will provide needed evaluation of procedures to the board, enhance its ability to fend off litigation and enable the board to evaluate strengths and weaknesses inherent in the quasi-judicial functions of the board. General fund one-time cost of the accreditation is \$4,300 in FY 2000.
- Security system - The BOPP maintains over 2,500 irreplaceable, confidential files on individuals committed to the DOC. Providing adequate security is essential. One-time general fund cost for a security system is \$4,031 in FY 2000.
- Financial specialists added - The executive recommendation provides a financial specialist for Region II and Region VI (a new Eastern Montana regional office). These positions will provide support to regional administrators and juvenile parole officers in these regional offices. The 2.00 FTE and associated general fund costs will be \$65,639 in FY 2000 and \$59,521 in FY 2001.
- Risk management program - In an effort to further support the DOC efforts toward a safe working environment, pre-incident prevention instead of post incident correction, the department proposes the following at a general fund cost of \$181,056 in FY 2000 and \$140,096 in FY 2001:
  - \*Risk manager - DOC proposes to hire a 1.00 FTE risk manager and 2.00 FTE administrative support. The policy manual is now comprehensive but will require vigilant auditing and review for necessary changes and high risk/loss activity identification.
  - \*Field officer training program - A field officer training program will further enhance department initiatives to ensure on-going and comprehensive training and performance evaluation during probation.
  - \*Random Drug Testing - The purpose of this recommendation is to create a program to assure worker fitness for duty and to protect DOC employees, offenders and the public from the risks posed by the use of alcohol and prohibited substances.
  - \*Psychological Testing - The purpose of this one-time recommendation is to obtain monies for a two-year study to establish an effective pre-employment psychological testing instrument which will enable the DOC to identify applicants not suitable or highly recommended for positions working with convicted felons and weapons and within a criminal institution.
- Montana Law Enforcement Academy (MLEA) trainer added - This executive recommendation will increase the MLEA correction/detention officer basic operating budget to cover increases imposed by various supply vendors and the MLEA food service provider, and to expand the number of training courses offered annually from 6 to 12 (one per month), and to add 1.00 FTE grade 14, to provide this additional training. The general fund cost is \$101,140 in FY 2000 and \$98,173 in FY 2001.

**Program Indicator -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Montana Law Enforcement Academy - Basic Training Sessions	N/A	1 <sup>1</sup>	5 <sup>2</sup>	6 <sup>2</sup>	12	12

<sup>1</sup> - Department of Corrections did not fund the Basic Training Program in FY 1997, but did provide help in the January 1997 training session.

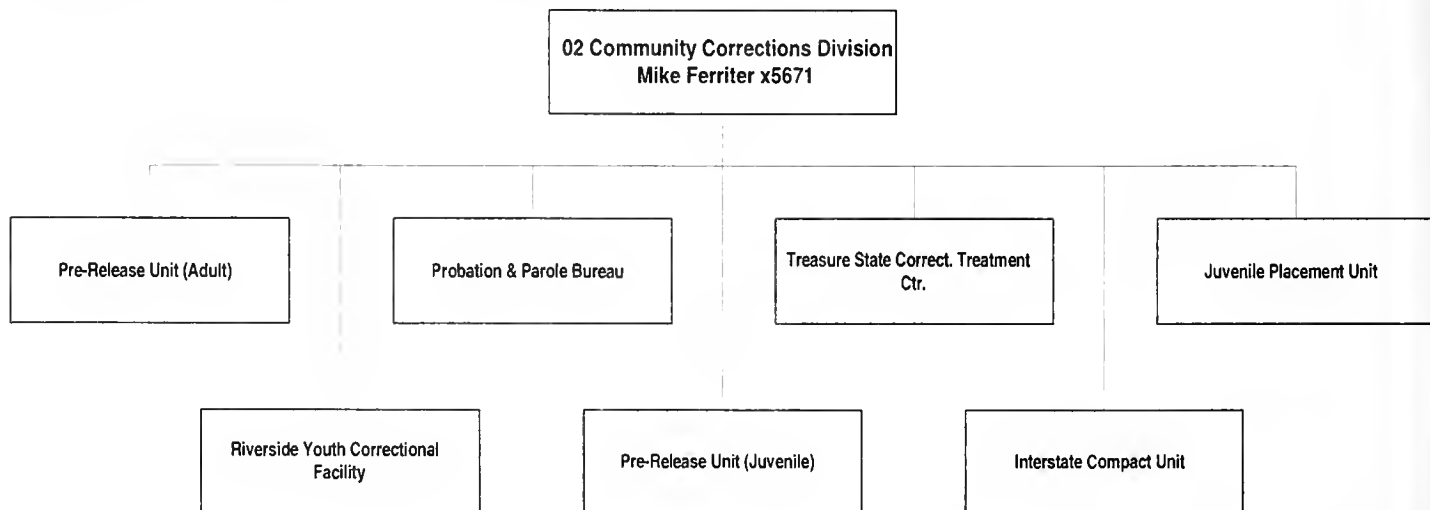
<sup>2</sup> - In addition to the six state funded training sessions, DOC personnel also participated in one privately funded session for FY 1998 and will participate in two privately funded sessions in FY 1999.

- Random controlled substance testing - The purpose of this proposal is a random 5% increase in drug testing of DOC offenders. It is widely recognized that there is a strong correlation between drugs and crime and that the level of criminal activity accelerates among individuals involved with drugs. Under the FY 1997 Violent Offender Incarceration and Truth-in-Sentencing Appropriations Act, states are required to implement a program of drug testing and intervention for all offenders under DOC supervision. The general fund cost of the proposal is \$96,973 in FY 2000 and \$100,010 in FY 2001.
- Expand the range and improve support of victim services and advocacy - The recommended 1.00 FTE position will assist and report to the DOC public and victim information specialist and provide services and support to agency employees with regard to victims issues and needs. The federal fund cost of the victims officer is \$31,890 in FY 2000 and \$31,673 in FY 2001.

**Language Recommendations** - The following language is recommended for HB2:

"Item 1 contains \$7,697,338 general fund that is a biennial appropriation for outside medical that may be spent in either year of the biennium. All transfers between years must be fully explained and justified on budget documents submitted to the office of budget and program planning, a copy of which will be provided to the legislative fiscal division."

## COMMUNITY CORRECTIONS DIVISION



**Program Description** - The Community Corrections Program includes adult probation and parole, juvenile parole, male and female pre-release centers, adult and juvenile interstate compact, Treasure State Correctional Training Center, Riverside Youth Correctional Facility, juvenile transitions centers and juvenile out-of-home placements. This program supports the department's mission by providing appropriate supervision and alternative programs for adult and juvenile offenders.

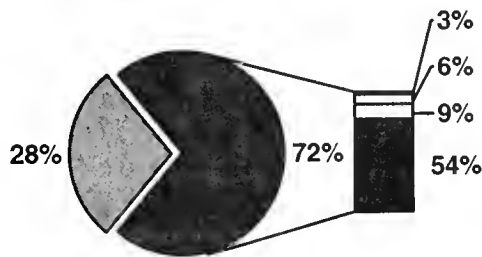
### Executive Budget Recommendation -

- Site a 40-bed pre-release center
- Aspen inflation adjustments
- Transition center present law adjustments
- Probation and parole present law adjustments
- Probation and parole staff increases
- Juvenile placement present law adjustments
- Pre-release centers present law adjustments
- Provide Department of Corrections with the criminal justice investigation network
- Contract for pre-release sex-offender beds
- Riverside present law adjustments
- Treasure State Correctional Training Center present law adjustments



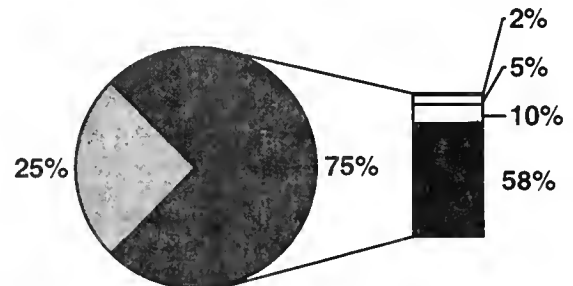
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	223.50	.00	27.00	250.50	.00	43.00	266.50
Personal Services	7,733,033	690,376	887,868	9,311,277	655,223	1,468,638	9,856,894
Operating Expenses	10,758,121	3,566,985	411,989	14,737,095	4,238,885	1,194,879	16,191,885
Equipment	42,211	49,808	12,019	104,038	24,210	20,000	86,421
Benefits & Claims	7,217,536	606,190	0	7,823,726	(167,723)	0	7,049,813
Debt Service	36,052	223,500	0	259,552	223,500	0	259,552
<b>Total Costs</b>	<b>\$25,786,953</b>	<b>\$5,136,859</b>	<b>\$1,311,876</b>	<b>\$32,235,688</b>	<b>\$4,974,095</b>	<b>\$2,683,517</b>	<b>\$33,444,565</b>
General Fund	25,328,487	5,120,641	1,277,316	31,726,444	4,976,655	2,648,957	32,954,099
State/Other Special	215,305	14,400	0	229,705	14,400	0	229,705
Federal Special	243,161	1,818	34,560	279,539	(16,960)	34,560	260,761
<b>Total Funds</b>	<b>\$25,786,953</b>	<b>\$5,136,859</b>	<b>\$1,311,876</b>	<b>\$32,235,688</b>	<b>\$4,974,095</b>	<b>\$2,683,517</b>	<b>\$33,444,565</b>

Community Corrections has 72%  
of Adult Population  
Fiscal Year End 2001



■ Secure Care\* ■ ISP  
 □ Prerelease □ Parole  
 ■ Probation

Community Corrections has 75%  
of Adult Population  
Fiscal Year End 1998



■ Secure Care\* ■ ISP  
 □ Prerelease □ Parole  
 ■ Probation

\*Secure custody includes all prisons, Treasure State Correctional Training Center, and county jail holding.

#### Significant Present Law Adjustments -

- Pre-release centers expansion - The purpose of this proposal is to provide funding for an additional 7 adult female and 10 male offender beds, and for the expansion of the Missoula pre-release center to provide for an additional 20 female and 50 male beds, and to provide funding for a 30 bed adult offender chemical dependency program operated by Community Counseling and Correctional Services, Inc. Missoula pre-release costs include debt service. Expanding pre-release beds provides an alternative to incarceration at MSP and MWP. The program will assist offenders in making an easier transition from institutional living to their community. General fund cost is \$2,930,325 in FY 2000 and \$3,600,244 in FY 2001.

### Actual and Projected Adult Institutional Population and Percentage Served by ISP and PRC Programs

	Actual			Projected				
	FYE 96	FYE 97	FYE 98	FYE 99	FYE 00	FYE 01	FYE 02	FYE 03
<b>MALE</b>								
Total Institutional Beds	2044	2280	2431	2750	3035	3281	3517	3732
ISP Beds	120	153	141	190	245	245	270	270
PRC Beds	260	272	349	349	399	439	439	479
Total Percent Served by ISP/PRC	19%	19%	20%	20%	21%	21%	20%	20%

	Actual			Projected				
	FYE 96	FYE 97	FYE 98	FYE 99	FYE 00	FYE 01	FYE 02	FYE 03
<b>FEMALE</b>								
Total Institutional Beds	138	152	238	254	289	323	358	392
ISP Beds	22	10	35	40	40	40	40	40
PRC Beds	43	72	95	104	124	124	124	139
Total Percent Served by ISP/PRC	47%	54%	55%	57%	57%	51%	46%	46%

Compiled from DOC Population Management Plan, September 1998

- Juvenile placement inflation, 7 % growth, and adjustments - Based on levels of current services, placement frequency needs, and community-based placement programs and contracts for juveniles, the budget continues the current level of services and placements being provided to the youth courts and to DOC regional programs. The exception is the reduction in spending based on the January of FY 2000 opening and operation of a juvenile sex offender program at Pine Hills Youth Correctional Facility and phasing out the current secure care juvenile sex offender contract. The general fund cost is \$618,190 in FY 2000 and a reduction of \$155,723 in FY 2001 due to phase out of the juvenile sex offender contract.
- Leasing electronic monitoring equipment - allows for the Intensive Supervision Program (ISP) to have state-of-the-art equipment and services, which provides for greater confidence by the officers and greater community safety. Due to higher confidence in the equipment and monitoring services, the pilot program community screening committee has accepted offenders from MSP who had previously been denied placement in a community program. Providing twenty-four hour supervision for high-risk offenders paroling from prison is much safer, more cost-effective and treatment-effective, than allowing those same offenders to discharge from the prison without any supervision. Cost of leasing the monitoring equipment and services varies depending on the number of offenders on the program. The greater the number of offenders, the less the cost per day. The cost for the pilot program is \$5 per day and includes equipment, training, and 24-hour service. Each offender will be charged \$10 per month. The general fund cost is \$204,600 for lease of the equipment and \$14,400 for supervision each year.
- Base adjustments for Riverside Youth Corrections Facility on-going responsibilities.

#### New Proposals -

- Site a 40-bed pre-release center - The executive recommends the plan to site a 40-bed pre-release center for male offenders in FY 2001. The request includes debt service for development of the facility. The pre-release center will provide an alternative to incarceration at the MSP and assist male offenders in making an easier transition from institutional living to the community. Total general fund cost in FY 2001 is \$692,189.

#### Program Indicator -

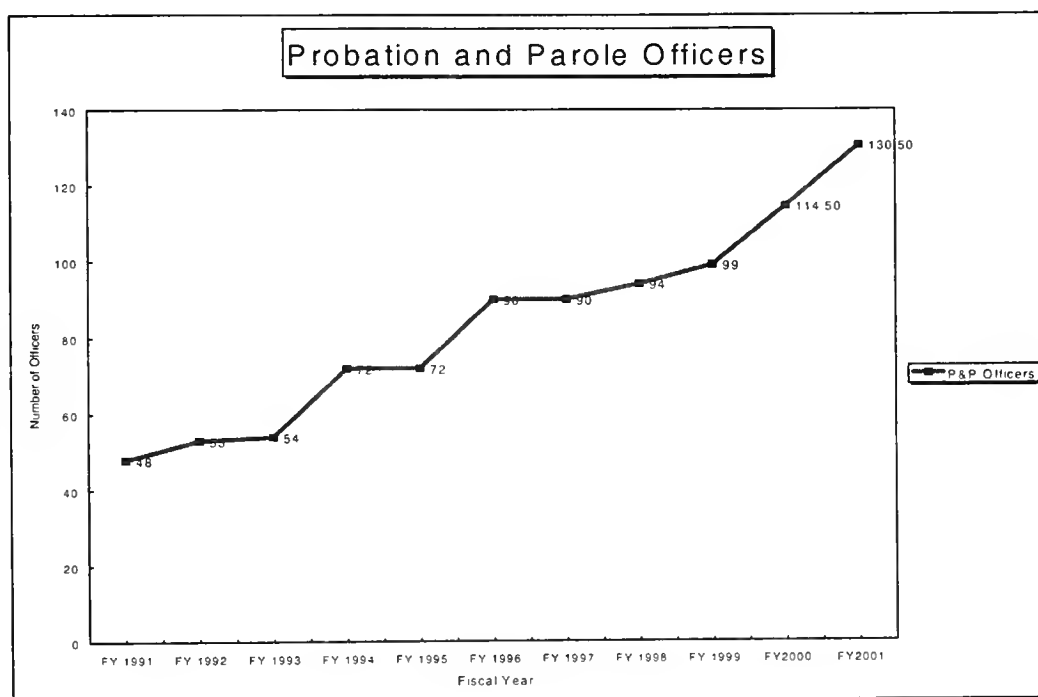
Indicator	Actual FY1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Prerelease Centers Population on 6/30/98	303	344	444	453	523	563

- Add 43.00 FTE probation, parole, and ISPOfficers, administrative support staff, and transportation officers at a general fund cost of \$3.0 million.

**Program Indicator -**

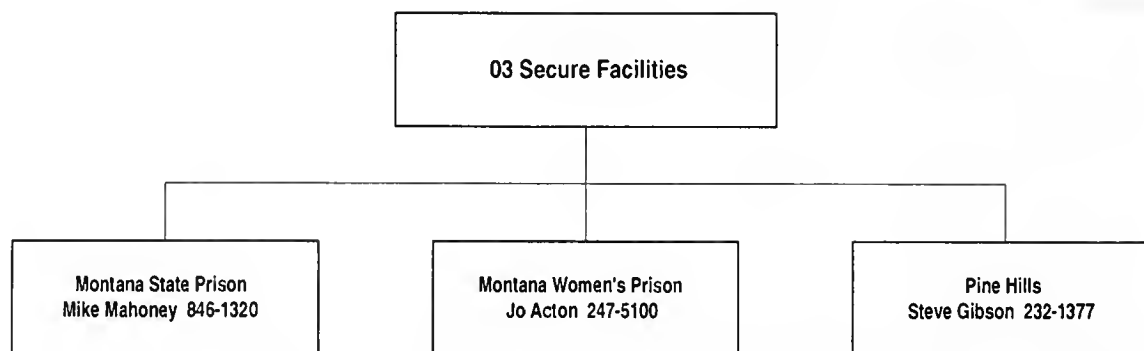
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Adult Probation and Parole Caseload						
Missoula	90	94	95	98	75	72
Helena	94	99	109	92	70	73
Bozeman	70	73	83	68	71	74
Butte	72	76	82	85	72	75
Great Falls	80	74	76	71	74	69
Billings	84	90	84	88	72	70
Kalispell	97	106	100	104	70	73

National guidelines recommend caseloads of 40 sex offenders for each officer. In addition to reducing the caseload of the above offices, the requested FTE will provide: (1) six sex offender officers. (2) additional Juvenile Parole Officers; and (3) officers in smaller regions that are experiencing increased growth in caseloads such as Hamilton and Hardin.



- TSCTC new supplies and equipment
- Fund 10 pre-release adult sex offender beds
- Transition center new supplies
- Criminal Justice Investigation Network (CJIN) terminals for six regional probation and parole offices
- Safety equipment for Riverside

**Language Recommendations** - The following language is recommended for HB2: "Item 2 contains \$64,680,543 general fund that is a biennial appropriation for community corrections that may be spent in either year of the biennium. All transfers between years must be fully explained and justified on budget documents submitted to the office of budget and program planning, a copy of which will be provided to the legislative fiscal division."



**Program Description -** The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison, Pine Hills Youth Correctional Facility, and other contracted secure beds for the adult correctional population. This program supports the department's mission to provide public safety by holding adult and juvenile offenders in humane, secure settings with emphasis on accountability and productivity while providing opportunities to participate in habilitative programs.

**Executive Budget Recommendation -**

- Establish the Abel screening assessment for sex offenders
- Pine Hills Youth Correctional Facility increase to 144 beds
- Female contract beds present law adjustments
- Male contract beds present law adjustments
- Pine Hills Youth Correctional Facility present law adjustments
- Montana Women's Prison present law adjustments
- Montana State Prison present law adjustments

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	633.78	.00	6.45	640.23	.00	17.95	651.73
Personal Services	20,807,840	2,055,441	196,883	23,060,164	1,953,045	531,606	23,292,491
Operating Expenses	16,567,110	3,573,611	336,944	20,477,665	6,683,609	374,019	23,624,738
Equipment	442,782	22,110	6,000	470,892	0	0	442,782
Grants	20,401	0	0	20,401	0	0	20,401
Benefits & Claims	339,451	0	0	339,451	0	0	339,451
Debt Service	35,004	0	0	35,004	0	0	35,004
<b>Total Costs</b>	<b>\$38,212,588</b>	<b>\$5,651,162</b>	<b>\$539,827</b>	<b>\$44,403,577</b>	<b>\$8,636,654</b>	<b>\$905,625</b>	<b>\$47,754,867</b>
General Fund	36,868,068	5,387,092	510,530	42,765,690	8,372,584	822,511	46,063,163
State/Other Special	1,118,170	250,000	1,645	1,369,815	250,000	2,193	1,370,363
Federal Special	226,350	14,070	27,652	268,072	14,070	80,921	321,341
<b>Total Funds</b>	<b>\$38,212,588</b>	<b>\$5,651,162</b>	<b>\$539,827</b>	<b>\$44,403,577</b>	<b>\$8,636,654</b>	<b>\$905,625</b>	<b>\$47,754,867</b>

**Significant Present Law Adjustments -**

- Male contract bed present law adjustment - The DOC population management plan projects 1,011 adult male offenders will be placed in contract jail beds by FYE 2000, increasing to 1,217 by FYE 2001. In order to mitigate concerns over funding levels that are driven by projected population numbers, the department and the Governor have agreed to the following:
  1. The executive recommendation contains funding for the 2001 biennium based upon the actual adult male institutional population growth in FY 1998, (151) carried forward for FY 1999, FY 2000 and FY 2001.
  2. The executive recommends biennial appropriation authority in order to have management flexibility in the event that the population is closer to DOC estimates than the 151 present law base level increase budgeted each year.

3. If the FYE 1999 adult male institutional population reaches a minimum of 2,668 or within 3% of the total population of 2,750 projected by the department, the department may request a supplemental appropriation to expand its contracted bed capacity by up to 250 during the 2001 biennium.

**New Proposals -**

- Establish Abel screening assessment for sex offenders
- MWP minor new equipment
- Pine Hills Youth Correctional Facility (PHYCF) expansion to 120 beds in FY 2000 and 144 beds in FY 2001 - The executive recommends an increase of bed capacity and general fund for 6.45 FTE and \$498,222 in FY 2000 and 17.95 FTE and \$893,125 in FY 2001.

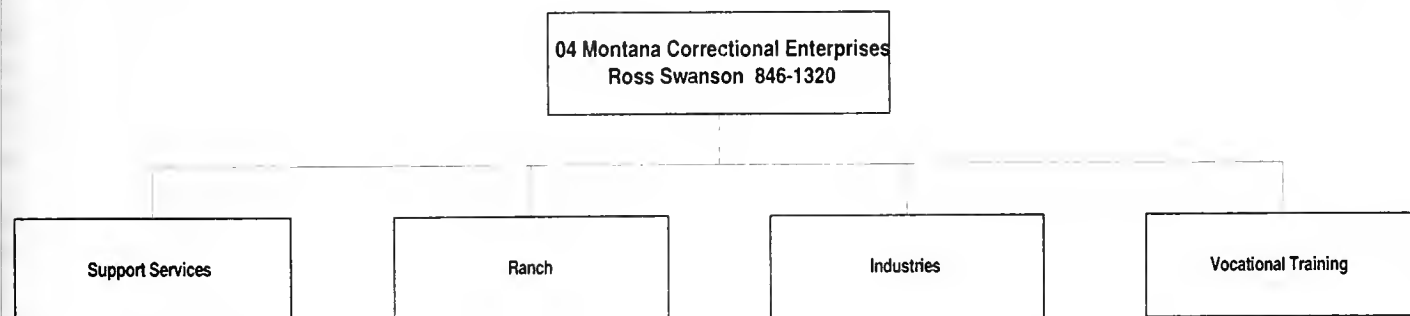
**Program Indicator -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Pine Hills School Average Daily Population	84	89	86	89	110	135
Pine Hills School Restitution	\$4,881	\$13,937	\$14,052	\$15,000	\$16,000	\$17,000

**Language Recommendations -** The following language is recommended for HB2: "Item 3 contains \$88,828,853 general fund that is a biennial appropriation for secure facilities for men, women and juveniles that may be spent in either year of the biennium. All transfers of authority between years must be fully explained and justified on budget documents submitted to the office of budget and program planning, a copy of which will be provided to the legislative fiscal division."

"If the FYE 1999 adult male institutional population reaches 2,668 or within 3% of the total population of 2,750 projected by the department, the department may request a supplemental appropriation to expand its contracted bed capacity by up to 250 beds during the 2001 biennium."

**MONTANA CORRECTIONAL ENTERPRISES**



**Program Description -** The Montana Correctional Enterprises (MCE) Division includes the ranch, industries, license plate factory and vocational training/education programs of the secure correctional facilities. This division supports the department's mission by providing institutional offenders employment and training opportunities through work and skill development. General fund (through HB2) supports the license plate factory and a portion of the vocational training/education programs. The funding for the remaining portion of vocational training is internal service funds. The ranch and industries programs are funded through enterprise funds and are included in HB576. Total funding (HB2 & HB576) for this division in FY 1998 was approximately 15% general fund and 85% proprietary funds.

**Executive Budget Recommendation -**

- License plate present law adjustments
- Prison ranch present law adjustments
- Prison industries present law adjustments
- Prison industries training present law adjustments

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.50	.00	.00	10.50	.00	.00	10.50
Personal Services	388,990	85,343	0	474,333	83,285	0	472,275
Operating Expenses	709,110	110,350	0	819,460	123,437	0	832,547
Equipment	0	15,200	0	15,200	15,000	0	15,000
Total Costs	\$1,098,100	\$210,893	\$0	\$1,308,993	\$221,722	\$0	\$1,319,822
General Fund	785,606	138,899	0	924,505	149,779	0	935,385
Proprietary	312,494	71,994	0	384,488	71,943	0	384,437
Total Funds	\$1,098,100	\$210,893	\$0	\$1,308,993	\$221,722	\$0	\$1,319,822

### Proprietary Rates

**Program Description** -General fund (through HB2) supports a portion of the vocational training/education programs and the remaining portion of vocational training is internal service funds. The ranch and industries programs are funded through enterprise funds and are included in HB576.

### Revenues and Expenses -

#### Program Indicator -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
MCE Program Revenue	\$5,019,742	\$4,596,480	\$5,228,121	\$5,300,000	\$5,400,000	\$5,400,000

### Vocational Training/Education and Industries Programs

**Change in the provision of service or level of fees** - Vocational Training/Education customer repair and maintenance needs determine the level of expenditures and the revenue level to be received. Revenue received is based on sales of horticulture products to state/private customers and repair and maintenance needs of the entities located at the Montana State Prison (MSP) facility. Horticulture prices for products are set at current market value; Telemarketing and Toyota revenues are based on contracts; and the Motor Vehicle Maintenance (MVM) facility prices are based on cost of parts with no markup. There are 1.25 FTE funded from the revenues generated by this program. In the past the only real revenue-producing source was the Toyota contract and, based upon current activity, this has changed to a very small profit operation. The pricing is to cover costs and, if possible, allow for some inventory stocking and minor tools/equipment replacement.

Industries expenditures made in all industries programs (which currently include MSP's print, sign, upholstery, furniture, janitorial supplies, and surgical garment operations) are dependent on cash flow available, economic return, customer orders, project inventory needs, and competitive pricing of products. Revenue received is based on sales of products to state/private customers and if prices charged are not competitive then it will result in lost sales and a negative operating position. Sales for FY 1999 through FY 2001 are based on FY 1998 with a slight increase due to sales projections for the Montana Women's Prison (MWP) and regional jails. Overall sales levels are dependent on marketing efforts, legislative restrictions, state agency purchases, retail outlet dealer sales, expansion/adjustment of the product line, implementation of the Certified Industries Program, private sector complaints, private customer contracts, and success of programs at the MWP and regional jails. There are 17.5 FTE funded from the revenues generated by this program.

Laundry operation revenue is based on the volume of laundry and rates charged. All customers at this time are state institutions. No adjustment in laundry rates is projected for the 2001 biennium and overall laundry rates have not changed since the inception of the laundry program with the exception of the Montana Development Center (MDC). Rates are \$.37/lb for MSP, \$.36/lb for Montana State Hospital, and \$.46/lb for the MDC. Breakeven costs for laundry operations are at approximately \$.33/lb without delivery costs. Any profits are maintained within the industries account and used to support current and future enterprise operations as well as laundry equipment replacement in the future. No

laundry funds are used for other operations.

Operation revenue for the remaining print, sign, upholstery, janitorial supplies, and surgical garments operations is based on written bid quotes, contracts, and sales of products on a competitive basis.

**Working Capital** - Vocational Training/Education working capital usually follows a normal 60-day cycle as cash inflow and outflow are dependent on the customer repair and maintenance needs and payment of bills in a timely manner. Expenditures for the horticulture usually correspond to the season with spring being the time period when most expenditures are incurred. An adequate working capital is required due to potential crop production problems, inventory turnover and customer payment time periods. During FY 1999, construction projects at the MVM facility will result in the working capital being decreased to a level which will just allow for covering of expenses and a normal accounts receivable turnover period.

Industries working capital does not necessarily follow a normal 60-day cycle as cash inflow and outflow are dependent on the current activities, customer orders and order timeframes, size of projects, inventory stocking/turnover and payments on accounts receivable. Any new products developed, for example the janitorial supplies and surgical garment programs, usually take a period of time before they become self supporting and usually result in a cash drain which may take up to a year or more. In addition, major contract work may span a period of a year with costs being accumulated and payment not made until delivery is made. Finished project inventory supplies also result in costs being accumulated with monies not received until some time after items are sold from inventory.

**Fund Equity and Reserved Fund Balance** - Due to the relatively small fund balance for Vocational Training/Education program (\$147,497 at the end of FY 1998) any fluctuation to fund balance is critical to this operation. With the Toyota operation no longer resulting in a significant positive net income flow, this program has basically returned to its break-even status prior to the Toyota contract.

An adequate reserve of fund balance in the Industries Program is required to allow for reserve for contingencies, capital building projects, asset replacement, inventory stocking and development of new products or programs. Current correctional practices also impact operations, cost effectiveness and overall ability to remain self-supporting. The various fluctuations in this program's yearly net income (loss) have resulted in somewhat an unstable fund balance over the years.

**Cash Flow** - Vocational Training/Education cash revenue flow is based on monthly billings, and payment by customers on accounts receivable. Cash expenditure outflow is dependent on customer orders and seasonal horticulture needs. Little or no money is available for equipment/capital improvements.

Industries Program cash revenue flow is based on monthly billings, and payment by customers on accounts receivable. Cash expenditure outflow is dependent on operational needs, customer orders, and need for equipment/capital improvements. Equipment expenditures are made as needed and are dependent on economic justification and cash flow. Current development of products and programs for the MWP and future regional prisons requires significant cash flow and a potential deficit operating position for the first few years of operations. In addition, stand alone programs cost significantly more than programs administered at the MSP site. Large furniture contracts (such as for the university system) result in large material expenditures over a period of time and reimbursement not received until delivery sometime in the future. Currently large expenditures exist for capital building projects in progress, major asset replacement needed, and overall development of additional products. The existing cash balance at this time is only adequate to maintain operations at the present level. Present long range building projects will absorb any available cash beyond that needed to pay operational costs and any major problem or contingency that occurs may be hard to absorb through current operations without seeking a loan from the ranch program.

## PRISON RANCH

**Change in the provision of service or level of fees** - The plan is based on current operations being maintained at the level found in FY 1998. Ranch expenditures are dependent on operational needs, cash flow available, economic return, weather/other conditions, product market prices, and discussion with the Ranch Advisory Committee. Revenue received is based on the market value of the products sold and large market variations dramatically affect operations and available cash flow. Current cattle prices will result in a loss of revenue from past fiscal years. Revenue projected for

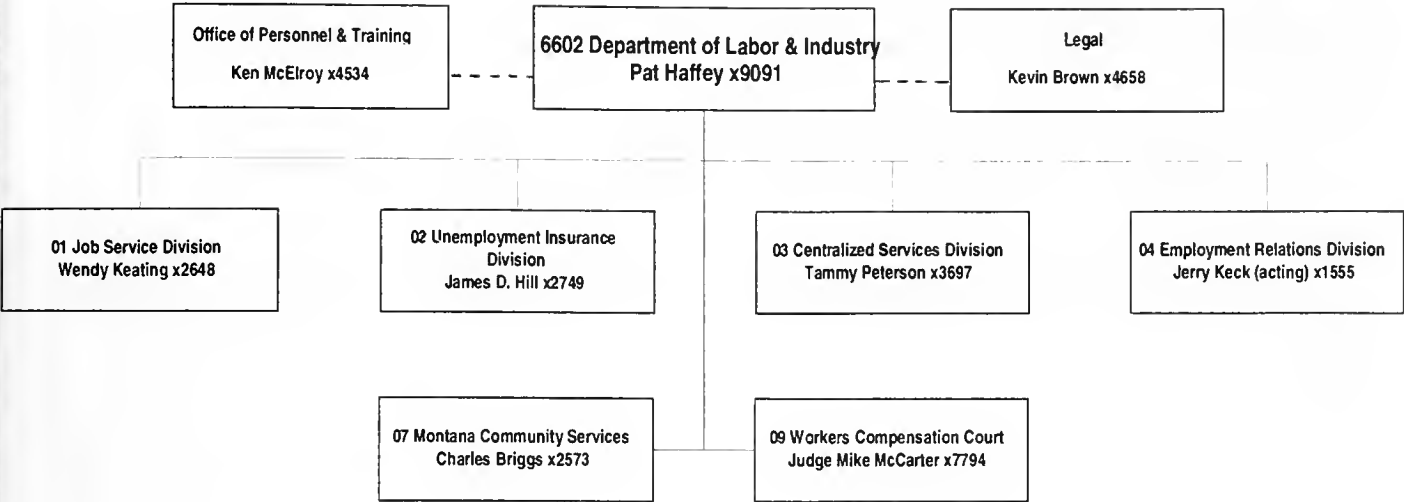
FY 1999 through FY 2001 is at \$2,550,864 each year, a decrease from FY 1998 due to the depressed cattle market. There are 16.25 FTE funded from the revenues generated by this program.

**Working Capital** - The working capital for the ranch does not necessarily follow a normal 60 day cycle as cash inflow and outflow is dependent on the current activities, time of year, market conditions and payments by customers. Normally, large cash inflow occurs in the fall (yearling cattle sale) and major cash outflow occurs in the spring of the year (spring planting and fertilizer application). Flexibility in ranch operations is one of the determining factors in profit or loss for the program. In order to allow for contingencies, weather conditions, inmate worker situation, and ability to react to situations on the ranch as they develop, a minimum cash balance of approximately \$500,000 is needed at all times. This does not include monies for asset replacement or capital improvements that are needed and incurred on a yearly basis to maintain or improve operations.

**Fund Equity and Reserved Fund Balance** - Fund balance fluctuates with the change in livestock valuation, which is dependent on market prices and cattle numbers, as well as overall operational results. An adequate reserve of fund balance is required to allow for reserve for contingencies, poor livestock or milk prices, livestock disease, drought, poor crops, pests, asset replacement and overall coordination/support of other programs within the MCE division. Fluctuations of livestock markets and events that happen are often large in nature and an inadequate reserve could seriously impact current and future operations. Changing correctional practices and inmate worker situations also impact operations, cost effectiveness and overall ability to remain self-supporting. Management's overall objective is to maintain fund balance at the current level with efforts directed towards increasing the fund balance to the extent possible. The overall key to ranch operations and success over the years has been more tied to cash flow and resource management than to the overall fund balance dollar figure. Based on the projections, the fund balance will increase slightly for each fiscal year.

**Cash Flow** - Cash flow is based on monthly billings, raw milk contract sales, logging/firewood contract sales, annual yearling livestock sales, and other livestock sales as they occur. Cash expenditure outflow is dependent on operational needs, normal monthly overhead expenses (payroll, utilities, communications, etc.), time of the year and need for equipment/capital improvements. In addition, assistance as needed for the other MCE programs are used either in the form of a loan or as direct assistance. Usually cash balances are at their high point in the fall after the yearling cattle sale and decrease through the end of the fiscal year as the spring expenses for crop planting are incurred. Equipment expenditures are made as needed and are dependent on economic justification and cash flow. If cattle prices continue or remain at the current rates, the overall cash balance of the ranch program will decrease due to the dramatic decline currently being experienced in this market. If the milk industry dramatically changes and the overall price received for raw milk changes then the cash balance may also decrease. The ranch during FY 1999 will assist the Industries and Vocational Training Programs in long-range building projects by providing some of the funding. Maintaining cash flow at the current level allows for flexibility and the potential for improvement of programs within the current MCE Division.





**Mission Statement** - To promote the well-being and opportunities of Montana workers and employers and to uphold the rights and responsibilities of both.

**Statutory Authority** - Hearings and Legal Services, Workers' Compensation Court, Employment Relations, Unemployment Insurance, and Job Service operate under state and federal laws/regulations, primarily Titles 18, 39, 49, and 50, MCA, and labor, health, and safety laws. Office of Community Services operates under Title 90, MCA, and the federal Corporation for National Service.

**Supplemental Appropriation Description** - A supplemental appropriation of \$237,116 general fund for the Human Rights Program is requested. SB350, approved by the 1997 Legislature, transferred staff of the Human Rights Commission to the Department of Labor and Industry and made changes to the Human Rights Act to eliminate the backlog of old cases, to complete new cases in a timely manner, and to provide a fair, neutral, and efficient process for resolving discrimination complaints.

Three major items account for the unanticipated and unforeseen appropriation shortfall: (1) loss of U.S. Department of Housing and Urban Development (HUD) equivalency an approximate \$165,000 in federal funding for each year, based on the changes in SB350; (2) operating costs for one-time-only positions authorized by the 1997 Legislature were not funded; and (3) higher costs due to the reorganization of the program into the department and the restructuring of program operations.

Final action on SB350 and related decisions on FTE levels and appropriation levels for the human rights program happened late in the 1997 legislative session and the department did not have an opportunity to fully analyze program costs and the operational changes needed to accomplish the goals envisioned with passage of SB350. After the session, staff developed a case management plan to eliminate the backlog of old cases, complete all new cases within statutory time frames, and provide a fair and efficient process for resolution of human rights complaints. The plan was built on the assumption of fully staffing the program at the authorized FTE levels. It was evident that the appropriation for human rights would not be sufficient to fund the program at the full staff level.

Three options considered by the department for maintaining expenditures within the appropriated authority include: (1) staff reduction, which would affect case production; (2) transfer of funds from other general fund sources within the department, which transfers the funding shortfall in human rights to other programs; and (3) program closure when revenue is exhausted, estimated to be March 15, 1999.

In July, 1997, the department met with the Governor to discuss funding issues and options for living within the appropriation. The Governor concurred with the department recommendation to fully staff the program to meet the commitment he and the department made to the Legislature to get the caseload under control and to provide a fair and efficient process for complaint resolution.

**Executive Recommended Legislation -**

- Revise and amend Workers' Compensation Regulation and Occupational Disease Act
- Remove 2.6% revenue cap on workers' compensation assessment to allow full funding of programs
- Revise enforcement of Montana Health Act
- Revise and amend unemployment insurance laws
- Revise laws relating to Montana Community Services

**Executive Budget Recommendation -**

- Replace employment security account shortfall with \$1 million general fund for department programs to avoid cuts in employment services provided to employers and employees in the state. The following table shows the projected ending fund balance in the ESA if all the programs were funded from this account rather than partly from general fund.

EMPLOYMENT SECURITY ACCOUNT				
FY98 THROUGH FY01				
	FY98 Actual Expenditures	FY99 Estimated Expenditures	FY00 Budget	FY01 Budget
<b>BEGINNING BALANCE</b>	\$806,912	\$382,218	\$450,554	(\$473,056)
<b>LESS EXPENDITURES</b>				
Job Service	\$3,304,963	\$3,038,351	\$4,131,842	\$4,124,195
Apprenticeship	\$203,952	\$199,180	\$249,392	\$248,502
Office of Community Service (Carry-Forward)	\$38,760	\$23,417	\$0	\$0
Research & Analysis	\$81,768	\$85,346	\$92,907	\$87,416
Legal Services	\$349,687	\$338,356	\$384,429	\$383,260
Employment Relations	\$638,379	\$637,377	\$702,832	\$692,426
Unemployment Insurance	\$317,556	\$293,637	\$277,627	\$277,221
Prior Period Adjustments	\$13,932			
TOTAL ESTIMATED EXPENDITURES (1)	(\$4,948,997)	(\$4,615,664)	(\$5,839,029)	(\$5,813,020)
<b>ADD COLLECTIONS / EARNINGS</b>				
Estimated UI Collections- FROM UI TABLES	\$4,414,281	\$4,664,000	\$4,899,000	\$5,148,000
Estimated Miscellaneous Collections	\$1,020	\$1,000	\$1,000	\$1,000
Estimated Investment Earnings	\$109,002	\$19,000	\$15,419	\$108
TOTAL ESTIMATED COLLECTIONS & EARNINGS	\$4,524,303	\$4,684,000	\$4,915,419	\$5,149,108
<b>ESTIMATED ENDING FUND BALANCE</b>	\$382,218	\$450,554	(\$473,056)	(\$1,136,968)

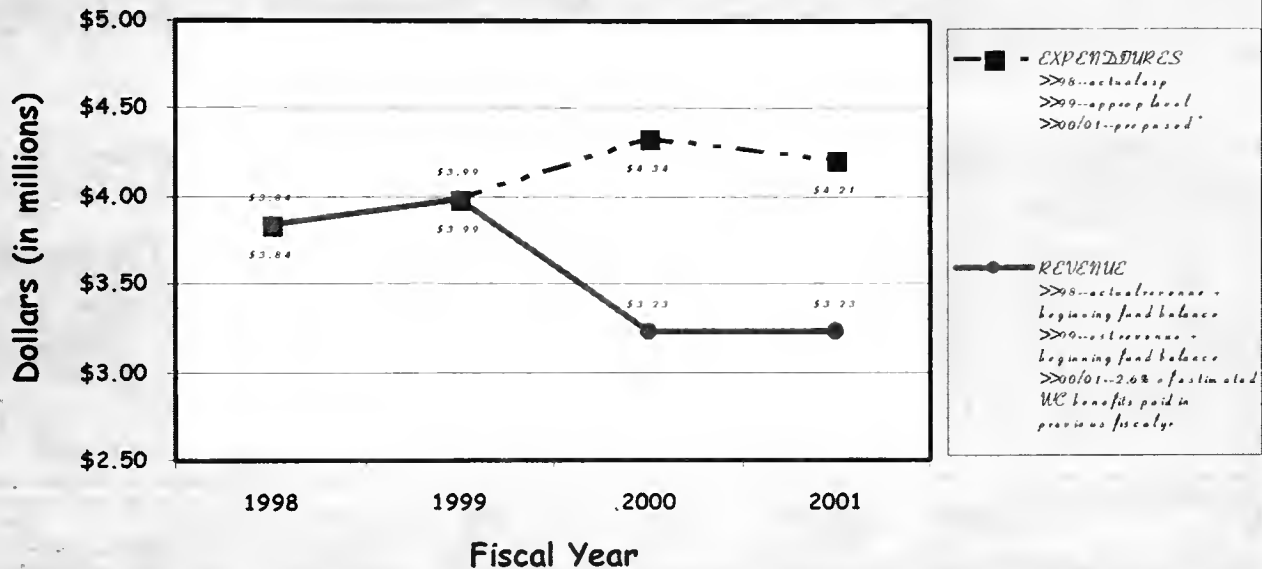
## NOTES

(1) Department imposed cuts equal to \$835,373 for the FY99 biennium (\$358,978 in FY98, \$476,395 in FY99)

- Remove the 2.6% cap on workers' compensation assessment and allow an assessment equal to legislative appropriations for regulatory programs. The following two tables show a comparison of workers' compensation regulation revenue and expenditures and estimated ending fund balance.

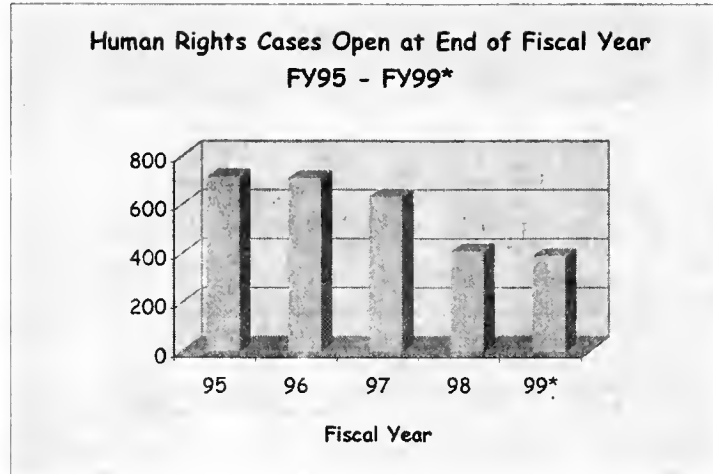
## WORKERS' COMPENSATION REGULATION

### Revenue/Expenditure Comparison



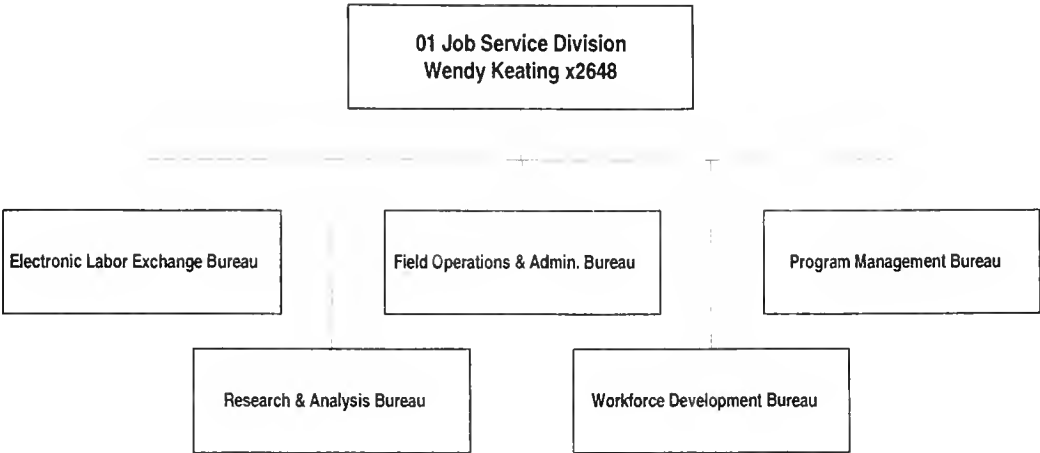
WORKERS' COMPENSATION REGULATION				
	FY98 (actual)	FY99 (budgeted)	FY00 (estimated)	FY01 (estimated)
BEGINNING FUND BALANCE	\$3,688,086	\$711,294	(\$0)	(\$1,103,379)
LESS EXPENDITURES	(\$3,836,993)	(\$3,987,578)	(\$4,336,879)	(\$4,210,886)
ADD COLLECTIONS / EARNINGS	\$860,201	\$3,276,284	\$3,233,500	\$3,233,500
ESTIMATED ENDING FUND BALANCE	<u>\$711,294 (b)</u>	<u>(\$0)</u>	<u>(\$1,103,379)</u>	<u>(\$2,080,765)</u>
<p>(a) Proposed expenditures include adjustments (including 3% vacancy savings) made by OBPP to the agency submitted budget. Proposed expenditures do not include self-imposed department cuts that were made to meet revenue shortfalls each year.</p> <p>(b) Fund balance is a result of the transfer of \$3.5 million from the subsequent injury fund to the workers' compensation fund. The fund balance carry forward amount will be used as a credit in the calculation of the FY 1999 administrative assessment.</p>				

- Adjustments for the Human Rights Program in four areas: (1) \$87,700 general fund each year to correctly fund human rights share of agency administration costs; (2) supplemental appropriation of \$237,116 to enable the program to satisfy legislative mandates; (3) general fund of \$80,009 in FY 2000 and \$79,501 in FY 2001 to replace lost HUD equivalency federal funds and enable fulfillment of state obligation to process housing cases; and (4) restoration of 3.00 FTE to maintain timely case production. The following chart shows the number of human rights cases open at the end of fiscal years 1995 through 1999.



\*Projected for FY 1999

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	542.01	11.85	1.00	554.86	11.85	1.00	554.86
Personal Services	18,062,572	244,973	295,196	18,602,741	279,911	297,643	18,640,126
Operating Expenses	8,420,176	692,766	1,024,783	10,137,725	745,248	1,014,717	10,180,141
Equipment	164,915	0	5,500	170,415	19,499	2,340	186,754
Capital Outlay	107,915	0	0	107,915	0	0	107,915
Grants	12,312,286	377,342	3,860,190	16,549,818	417,313	3,860,190	16,589,789
Benefits & Claims	326,640	200,000	0	526,640	200,000	0	526,640
Debt Service	8,849	434,378	0	443,227	431,800	0	440,649
<b>Total Costs</b>	<b>\$39,403,353</b>	<b>\$1,949,459</b>	<b>\$5,185,669</b>	<b>\$46,538,481</b>	<b>\$2,093,771</b>	<b>\$5,174,890</b>	<b>\$46,672,014</b>
General Fund	1,096,469	1,099,042	236,197	2,431,708	1,196,704	235,689	2,528,862
State/Other Special	10,770,618	398,809	1,191,026	12,360,453	257,367	1,187,194	12,215,179
Federal Special	26,752,692	(68,995)	4,584,420	31,268,117	130,100	4,570,024	31,452,816
Capital Projects	0	434,383	0	434,383	431,805	0	431,805
Proprietary	783,574	86,220	(825,974)	43,820	77,795	(818,017)	43,352
<b>Total Funds</b>	<b>\$39,403,353</b>	<b>\$1,949,459</b>	<b>\$5,185,669</b>	<b>\$46,538,481</b>	<b>\$2,093,771</b>	<b>\$5,174,890</b>	<b>\$46,672,014</b>



**Program Description -** The Job Service Division provides a wide range of both federal- and state-funded employment and training programs in accordance with state Titles 18 and 39, MCA. Federal mandates are the Wagner Peyser Act of 1937, Job Training Partnership Act, Occupational Safety and Health Act, Carl Perkins Act, Immigration Reform Act, and the Social Security Act - Title IX.

**Program Indicators --**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Applicants Registered	88,751	81,634	71,489	71,000	71,500	71,500
Employment Data Inquiry --						
Employment Svcs	n/a	n/a	133,122	583,200	647,352	647,352
Statistical Data Inquiry (Website Only) --						
Research & Analysis	11,138	n/a	372,698	511,648	700,900	960,300
MCIS Sites	127	141	220	250	255	260
Apprenticeship Training						
Participants	741	808	889	964	1,046	1,135
Jobs for Montana's						
Graduates	310	341	356	360	600	700

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	297.35	4.00	.00	301.35	4.00	.00	301.35
Personal Services	9,769,775	681,301	265,593	10,716,669	636,356	268,242	10,674,373
Operating Expenses	4,253,270	446,484	986,378	5,686,132	637,338	971,947	5,862,555
Equipment	74,879	0	5,500	80,379	19,499	2,340	96,718
Capital Outlay	107,915	0	0	107,915	0	0	107,915
Grants	10,992,967	216,982	3,598,945	14,808,894	216,982	3,598,945	14,808,894
Benefits & Claims	1,000	0	0	1,000	0	0	1,000
Debt Service	3,358	(5)	0	3,353	(5)	0	3,353
<b>Total Costs</b>	<b>\$25,203,164</b>	<b>\$1,344,762</b>	<b>\$4,856,416</b>	<b>\$31,404,342</b>	<b>\$1,510,170</b>	<b>\$4,841,474</b>	<b>\$31,554,808</b>
General Fund	396,891	306,413	140,000	843,304	305,442	140,000	842,333
State/Other Special	5,421,903	1,288,295	336,377	7,046,575	1,280,747	336,377	7,039,027
Federal Special	19,366,536	(240,451)	4,380,039	23,506,124	(66,524)	4,365,097	23,665,109
Proprietary	17,834	(9,495)	0	8,339	(9,495)	0	8,339
<b>Total Funds</b>	<b>\$25,203,164</b>	<b>\$1,344,762</b>	<b>\$4,856,416</b>	<b>\$31,404,342</b>	<b>\$1,510,170</b>	<b>\$4,841,474</b>	<b>\$31,554,808</b>

**Significant Present Law Adjustments -**

- Replace modified FTE with 2.00 FTE permanent positions to support Research and Analysis Bureau workload
- Decrease expenditures for research and analysis program to stay within revenue shortfall as a result of 2.6% cap in workers' compensation assessment
- Add 1.00 FTE and increase operating budget to allow expansion of Jobs for Montana Graduates Program to 50 schools

**New Proposals -**

- Federal funding for the Temporary Assistance for Needy Families Block Grant Welfare to Work Formula grants
- Leased van for use by staff of state occupational information coordinating committee/Montana Career Information System section for in-town travel and travel throughout the state conducting training sessions
- Provide partial funding for the training-related instruction function of the apprenticeship program
- Federal funding for One-Stop Workforce Center System Implementation Plan grant

**Language Recommendations -** The following language is recommended for HB2:

"If the 2.6% cap on workers' compensation assessment is not removed, the department can redistribute the reductions among programs."

**Proprietary Rates**

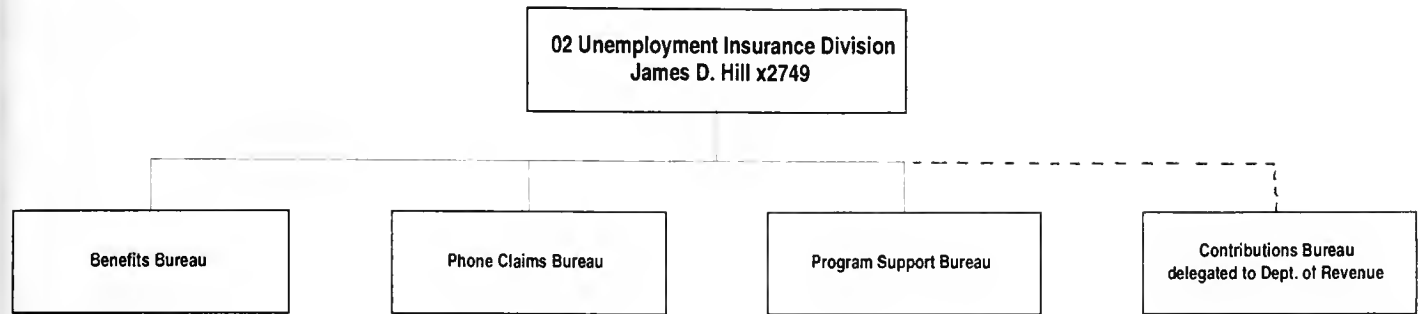
**Program Description** -The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use, easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being used at over 200 sites throughout the state by a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, education and training agencies, and adult education programs. MCIS is an important component for schools involved with Tech Prep and with One-Stop Career Centers and is currently involved with training users in labor market and career information as well as in the use of MCIS to facilitate career exploration.

Career Information Systems (CIS) for Windows is the latest version of the career software produced by MCIS and is Windows 95 compatible. The information available in the program includes 335 occupational descriptions, job duties, wages (state and national), outlook (state and national), state post-secondary schools, more than 3,500 national schools, programs of study, financial aid information (local, state, and national), job search information (resumes, interviews, etc.), and integrated skills inventory and self-employment information. The occupation, programs of study, and school files are linked to allow a user to select an occupation, find programs of study which will prepare them for that occupation and then list schools offering that program of study.

**Rate Explanation** -The Montana Career Information System (MCIS) is funded by user fees not to exceed \$1,500 per site. Discounted rates are available for small schools and groups.

**Significant Present Law -**

- Additional authority for increased operation costs due to an increased number of sites - An increasing number of sites leasing software has resulted in increased workload, additional contractual and equipment costs, and a need for additional funding for those program costs. Also, increased input/output operation costs for the department Information Services Bureau operations support are passed on to programs within the department.



**Program Description -** The Unemployment Insurance Division administers the state unemployment insurance law and related federal programs through which benefits are paid, responds to inquiries concerning claims, and adjudicates disputed benefit claims in accordance with Title 39, Chapter 51, MCA. Federal mandates include Titles III and IV of the Social Security Act, the Federal Unemployment Tax Act, and the Trade Act of 1974.

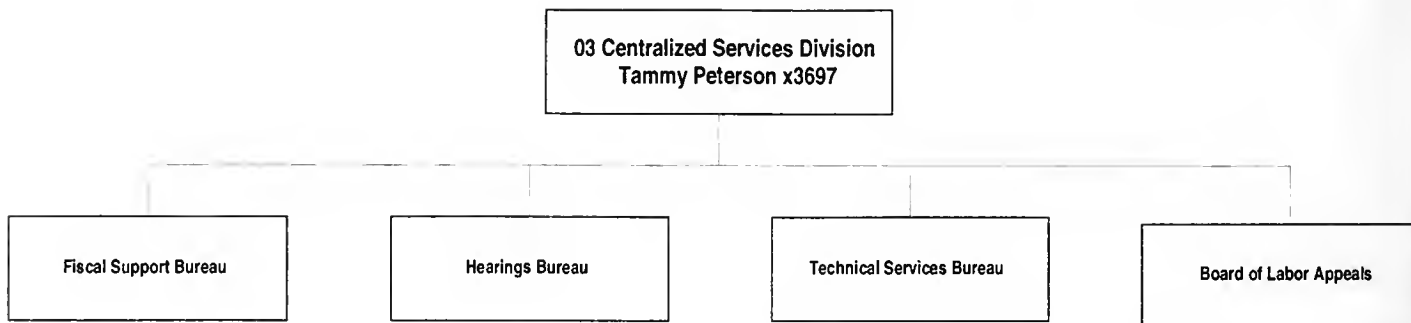
**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Initial Claims	69,799	63,119	58,573	59,510	64,617	70,240
Weeks Claimed	495,984	484,002	425,351	433,538	470,588	511,569
Non-monetary Determinations	21,278	19,463	18,383	18,519	20,119	21,870
Appeals	1,502	1,216	1,333	1,293	1,405	1,527

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	104.50	3.00	1.00	108.50	1.00	3.00	108.50
Personal Services	3,527,486	119,872	29,603	3,676,961	102,915	29,401	3,659,802
Operating Expenses	1,784,266	(242,824)	5,357	1,546,799	(234,147)	5,357	1,555,476
Equipment	0	0	0	0	0	0	0
Benefits & Claims	1,736	0	0	1,736	0	0	1,736
Debt Service	4,591	434,383	0	438,974	431,805	0	436,396
<b>Total Costs</b>	<b>\$5,318,079</b>	<b>\$311,431</b>	<b>\$34,960</b>	<b>\$5,664,470</b>	<b>\$300,573</b>	<b>\$34,758</b>	<b>\$5,653,410</b>
General Fund	0	0	0	0	0	0	0
State/Other Special	318,413	(36,353)	0	282,060	(36,765)	0	281,648
Federal Special	4,999,666	(86,599)	34,960	4,948,027	(94,467)	34,758	4,939,957
Capital Projects	0	434,383	0	434,383	431,805	0	431,805
<b>Total Funds</b>	<b>\$5,318,079</b>	<b>\$311,431</b>	<b>\$34,960</b>	<b>\$5,664,470</b>	<b>\$300,573</b>	<b>\$34,758</b>	<b>\$5,653,410</b>

**New Proposals -**

- Add 1.00 FTE claims examiner in Unemployment Insurance Benefits Bureau for "issue" claim determinations



**Program Description -** Provides program direction and performs legal, administrative, and support services to the department in accordance with state Title 2, Chapters 15 and 18, MCA, and Title 17, MCA; the hearing and legal bureaus operate under a number of state mandates, primarily Titles 39, 49, and 50, MCA, as well as federal laws and regulations. The Board of Labor Appeals is administratively attached and hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Classification Actions	n/a	96	177	162	175	200
Cases Processed	2,151	1,833	2,025	2,034	2,061	2,061
Federal Programs	86	79	84	80	80	80

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	24.05	.35	.00	24.40	.35	.00	24.40
Personal Services	968,274	(55,133)	0	913,141	(49,279)	0	918,995
Operating Expenses	344,003	82,465	0	426,468	84,336	0	428,339
<b>Total Costs</b>	<b>\$1,312,277</b>	<b>\$27,332</b>	<b>\$0</b>	<b>\$1,339,609</b>	<b>\$35,057</b>	<b>\$0</b>	<b>\$1,347,334</b>
General Fund	105,973	47,203	16,188	169,364	46,740	16,188	168,901
State/Other Special	652,309	(57,509)	63,600	658,400	(47,679)	63,403	668,033
Federal Special	458,279	31,397	(16,188)	473,488	30,057	(16,188)	472,148
Proprietary	95,716	6,241	(63,600)	38,357	5,939	(63,403)	38,252
<b>Total Funds</b>	<b>\$1,312,277</b>	<b>\$27,332</b>	<b>\$0</b>	<b>\$1,339,609</b>	<b>\$35,057</b>	<b>\$0</b>	<b>\$1,347,334</b>

**Significant Present Law Adjustments -**

- Reallocate administrative costs to include the Human Rights Program functions
- Decrease expenditures to stay within anticipated revenue shortfall as a result of the 2.6% cap in workers' compensation assessment

**New Proposals -**

- Change the uninsured employer fund administration account from the proprietary fund type to the state special revenue fund type
- Replace lost HUD equivalency federal funds with general fund to fulfill the obligation to process housing cases



**Language Recommendations** - The following language is recommended for HB2:

"If the 2.60% cap on workers' compensation assessment is not removed, the department can redistribute the reductions among programs."

"It is the intent of the legislature that the rates charged for internal service functions be the rates agreed upon by the United States department of labor federal cost negotiator. It is anticipated that the assessment will be approximately 9.60% of actual program personal services costs incurred in fiscal year 2000 and 8.90 % in fiscal year 2001. "

## **Proprietary Rates**

### **Program Description -Cost Allocation Plan (CAP)**

The Commissioner's Office and the Centralized Services Division are funded through a cost allocation plan under which the various other divisions in the agency are assessed a percentage of their personal services cost to support centralized functions. The services provided through this accounting entity are administration, accounting, purchasing, budgeting, personnel, training, mail distribution, and technical services.

### **Input/Output Control Operations Functions**

The Centralized Services Division recovers costs of a unit called the Input/Output Control Operations Function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

### **Rate Explanation -Cost Allocation Plan (CAP)**

It is the intent of the legislature that the rates charged for these functions be the rates agreed upon by the U.S. Department of Labor federal cost negotiator. It is anticipated that the assessment will be approximately 8% of a program's actual personal services costs incurred in FY 2000 and FY 2001.

### **Input/Output Control Operations Functions**

Internal users are directly charged for the services received and are billed quarterly.

**Significant Present Law** -Adjustments to the Commissioner's Office/Centralized Services Division operating budgets are primarily for travel and justified as follows:

- **Legal/Hearings** -DLI requires funding for four training conferences not included in the FY 1998 base. This request would allow two hearings officers to attend training sponsored by the National Judicial College and two attorneys to attend national conferences in the areas of unemployment insurance and workers' compensation.
- **Fiscal Support Bureau**-This plan would allow the agency budget/fiscal manager, who is a member of the ICESA (Inter-state Council of Employment Security Agencies) Administration and Finance Committee, to attend three out-of-state committee meetings each year. These committee meetings address issues such as federal funding, cost allocation, Year 2000, and automation. Each trip is estimated at \$1,265.
- **Technical Services Bureau**-The department has unsuccessfully recruited for a "seasoned" Oracle database administrator for over half a year. Due to inability to recruit interested, qualified individuals, the department will have to hire and provide training for a person with lesser skills. The division information systems manager would attend three Oracle database training sessions, two in FY 2000 and one in FY 2001. This training is only offered out-of-state. Approximate cost of each training session is \$2,500 with an additional \$1,700 needed for airfare, lodging, meals, and transportation.

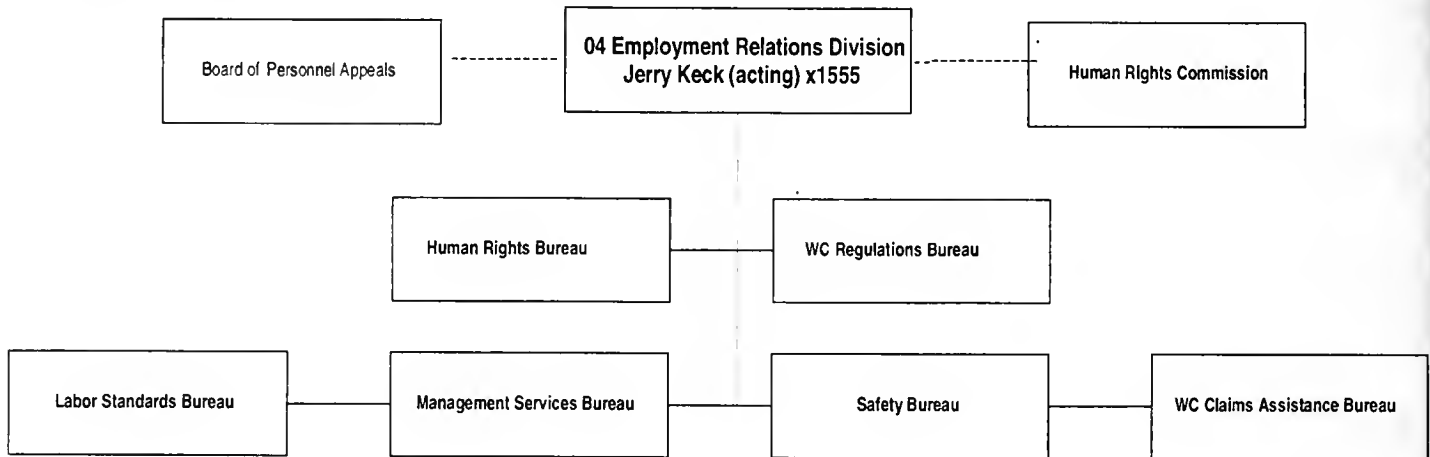
Automation-related adjustments are justified as follows:

- **Technical Services Bureau**-The department web server (acquired in 1995) will need to be replaced in order to continue providing services and information to the public. These services include Montana's Job Source, worker and employer information, safety and health information, Workers' Compensation Court findings, and labor market information and statistics. The web server will also accommodate new programs and updates, such as offering an internal intranet for shared documents. Estimated cost is \$12,500.

The tape backup server (acquired in 1996) will need to be replaced to keep up with technology changes. This server provides the disaster/recovery capabilities for Centralized Services Division, Unemployment Insurance Division, Research & Analysis, Workers' Compensation Court and Office of Community Services on file server, database server, web server and workstation platforms. Estimated cost is \$6,000.

The file server, acquired in FY 1998, will need to be replaced in order to maintain essential networking functions such as software distribution, essential networking functions such as software distribution, housing of software code and data storage. The file server supports the Commissioner's Office/Centralized Services Division, Unemployment Insurance Division, Research and Analysis, Office of Community Services, and department wide shared information.

## EMPLOYMENT RELATIONS DIVISION



**Program Description** - Employment Relations Division regulates workers' compensation insurance requirements, administers the contractor registration and independent contractor exemption functions, assists with settlements of disputed workers' compensation claims, enforces state and federal labor laws related to payment of wages and industrial safety, conducts mediation of collective bargaining contracts, hears disputes regarding both labor relations and wage and hour issues, and impartially investigates and resolves complaints of illegal discrimination in accordance with Titles 18, 27, 49, and 50, MCA.

### Program Indicators -

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Wage & Hour Cases Filed	1,098	1,246	1,052	1,132	1,223	1,320
UEF Claims Filed	140	138	156	164	172	181
UEF Penalties Assessed	\$3,339,409	\$6,730,598	\$4,074,000	\$4,277,700	\$4,491,585	\$4,716,164
Human Rights Inquiries	3,271	3,558	3,915	4,200	4,400	4,600
Human Rights Closed Cases	582	581	555	500	450	400
Mediation Cases Filed	858	857	913	986	1,183	1,278
Mediation Resolution Rate	80%	79%	78%	77%	77%	77%

**LABOR & INDUSTRY  
EMPLOYMENT RELATIONS DIVISION**

**6602  
04**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	107.61	4.00	.00	111.61	4.00	.00	111.61
Personal Services	3,411,353	(356,510)	0	3,054,843	(277,556)	0	3,133,797
Operating Expenses	1,807,827	385,913	33,048	2,226,788	236,227	37,413	2,081,467
Equipment	90,036	0	0	90,036	0	0	90,036
Benefits & Claims	323,904	200,000	0	523,904	200,000	0	523,904
Debt Service	900	0	0	900	0	0	900
<b>Total Costs</b>	<b>\$5,634,020</b>	<b>\$229,403</b>	<b>\$33,048</b>	<b>\$5,896,471</b>	<b>\$158,671</b>	<b>\$37,413</b>	<b>\$5,830,104</b>
General Fund	577,151	717,985	80,009	1,375,145	817,082	79,501	1,473,734
State/Other Special	3,957,434	(643,630)	791,049	4,104,853	(800,391)	787,414	3,944,457
Federal Special	429,411	65,574	(75,636)	419,349	60,629	(74,888)	415,152
Proprietary	670,024	89,474	(762,374)	(2,876)	81,351	(754,614)	(3,239)
<b>Total Funds</b>	<b>\$5,634,020</b>	<b>\$229,403</b>	<b>\$33,048</b>	<b>\$5,896,471</b>	<b>\$158,671</b>	<b>\$37,413</b>	<b>\$5,830,104</b>

**Significant Present Law Adjustments -**

- Restore 3.00 FTE one-time-only to continue meeting the statutory human rights obligation to investigate cases within 180 days and hold hearings within 12 months
- Reallocate administrative costs to include the human rights functions
- Locate all the division in the same office building and accommodate persons with disabilities
- Use \$1 million general fund to maintain the programs
- Decrease expenditures to stay within anticipated revenue shortfall as a result of the 2.6% cap in workers' compensation assessment

**New Proposals -**

- Replace lost HUD equivalency federal funds in human rights with general fund
- Change uninsured employer fund benefits and administration accounts from the proprietary fund type to the state special revenue fund type
- Lease 11 vehicles from DOT to replace personal vehicles currently in use by field personnel

**Language Recommendations -** The following language is recommended for HB2:

"If the 2.60% cap on workers' compensation assessment is not removed, the department can redistribute the reductions among programs."

**Proprietary Rates**

**Program Description -Subsequent Injury Fund (06040/06041)**

The subsequent injury fund (SIF) was established by the legislature in 1973 to assist persons with disabilities in becoming employed by offering a financial incentive to employers who hire them. The incentive offered to employers is a limit of 104 weeks of benefits paid by their workers' compensation carrier in the event of an on-the-job injury to the certified employee. This keeps the employer's workers' compensation expenses at a minimum.

**Uninsured Employers Fund (06050/06055)**

The Department of Administration has recommended to the Department of Labor that the fund type for the uninsured employers fund be changed from a proprietary account to a state special revenue fund. The agency has submitted its budget and proposed legislation to accomplish this change.

**Revenues and Expenses -Subsequent Injury Fund (06040/06041)**

Benefit payout from the fund has averaged \$250,000 per year and is expected to increase approximately 10% per year

**LABOR & INDUSTRY  
EMPLOYMENT RELATIONS DIVISION**

**6602  
04**

based on an increasing population of certified workers. Currently, over 2,300 individuals are certified under the program. The fund is maintained by an annual assessment of all Montana workers' compensation insurers.

**Rate Explanation - Subsequent Injury Fund (06040/06041)**

The fund is maintained by an annual assessment of all Montana workers' compensation insurers. The amount of the assessment is statutorily set (Title 39-71-915, MCA) at the amount expended by the fund for benefit payments plus the cost of administration in the previous calendar year, less other income. The assessment is allocated among insurers based on their compensation and medical payments for the previous calendar year

Prior to the 1997 Legislature, the fund had an actuarial analysis conducted every biennium to determine the amount of reserves needed to fund the claims. The last analysis was conducted for the period ending June 30, 1996. The 1997 Legislature changed the funding mechanism to make the fund a "pay as you go" fund so claims are no longer funded by reserves.

Assessments to insurers are made once annually and payments are due semi-annually by June 30 and December 31. Benefit payout from the fund can vary significantly from month to month. Payments are affected by the reimbursement requests received from the insurer for their previous six months of expenditures on the claim. These requests can vary significantly depending on the claim activity (medical and settlement costs) during the period.

**MONTANA COMMUNITY SERVICES**

**07 Montana Community Services  
Charles Briggs x2573**

**Program Description -** Montana Community Services provides administration of in-state contracts for federal Corporation for National Service programs and coordinates wide-ranging community service and volunteer efforts statewide, in accordance with Title 90, MCA, and in relation to Titles 20 and 23, MCA.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
AmericaCorps members	227	128	211	216	230	230

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.50	.50	.00	3.00	.50	.00	3.00
Personal Services	108,442	(12,968)	0	95,474	(13,670)	0	94,772
Operating Expenses	131,234	2,392	0	133,626	2,443	0	133,677
Grants	1,319,319	160,360	261,245	1,740,924	200,331	261,245	1,780,895
<b>Total Costs</b>	<b>\$1,558,995</b>	<b>\$149,784</b>	<b>\$261,245</b>	<b>\$1,970,024</b>	<b>\$189,104</b>	<b>\$261,245</b>	<b>\$2,009,344</b>
General Fund	16,454	27,441	0	43,895	27,440	0	43,894
State/Other Special	43,741	(38,741)	0	5,000	(38,741)	0	5,000
Federal Special	1,498,800	161,084	261,245	1,921,129	200,405	261,245	1,960,450
<b>Total Funds</b>	<b>\$1,558,995</b>	<b>\$149,784</b>	<b>\$261,245</b>	<b>\$1,970,024</b>	<b>\$189,104</b>	<b>\$261,245</b>	<b>\$2,009,344</b>

**New Proposals -**

- Add new federal funding for America Reads grant

**09 Workers' Compensation Court  
Judge Mike McCarter x7794**

**Program Description -** The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes rising out of work-related injuries and occupational disease in accordance with Title 39, MCA.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY 1997	Actual FY 1998	Estimated FY 1999	Requested FY 2000	Requested FY 2001
Petitions Filed	228	202	235	282	338	405
Trials	56	39	61	76	85	113

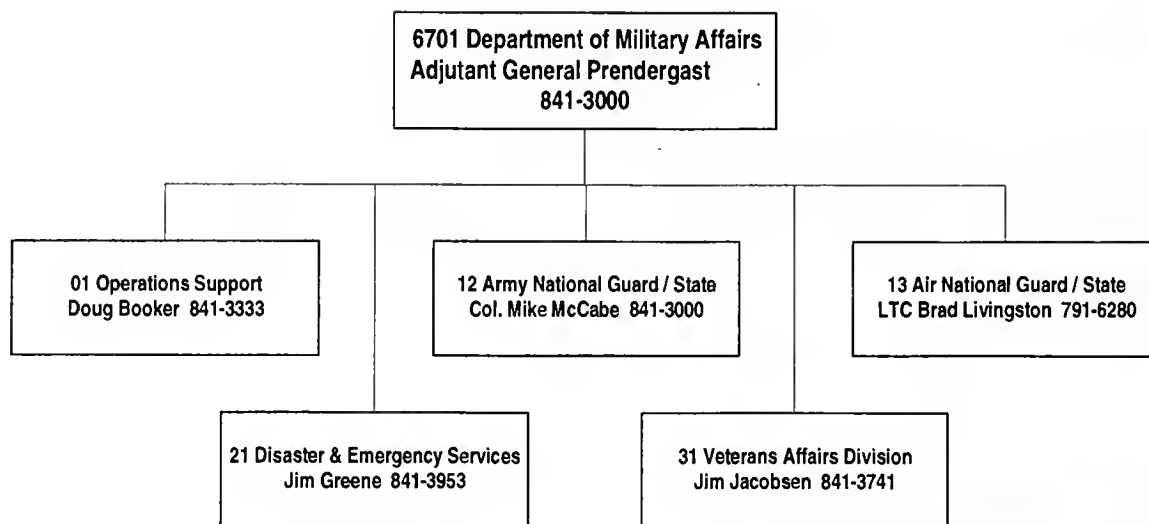
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	6.00	.00	.00	6.00	.00	.00	6.00
Personal Services	277,242	(131,589)	0	145,653	(118,855)	0	158,387
Operating Expenses	99,576	18,336	0	117,912	19,051	0	118,627
<b>Total Costs</b>	<b>\$376,818</b>	<b>(\$113,253)</b>	<b>\$0</b>	<b>\$263,565</b>	<b>(\$99,804)</b>	<b>\$0</b>	<b>\$277,014</b>
State/Other Special	376,818	(113,253)	0	263,565	(99,804)	0	277,014
<b>Total Funds</b>	<b>\$376,818</b>	<b>(\$113,253)</b>	<b>\$0</b>	<b>\$263,565</b>	<b>(\$99,804)</b>	<b>\$0</b>	<b>\$277,014</b>

**Significant Present Law Adjustments -**

- Decrease expenditures to stay within anticipated revenue shortfall as a result of the 2.6% cap in workers' compensation assessment

**Language Recommendations -** The following language is recommended for HB2:

"If the 2.60% cap on workers' compensation assessment is not removed, the department can redistribute the reductions among programs."



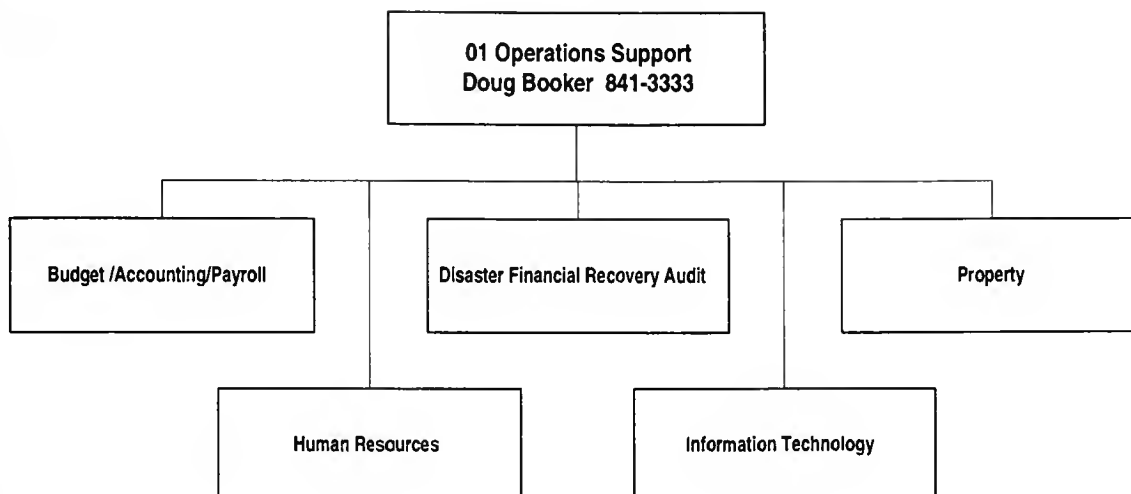
**Mission Statement -** Provide for safety and well being for citizens of Montana through mission ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

**Statutory Authority -** Title 10

**Executive Budget Recommendation -**

- Provide utilities and janitorial services for new buildings built with federal and state funds
- Facilitate maintenance at state armories by funding the schedule of painting and deferred maintenance
- Support Montana contribution for World War II Memorial campaign

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	105.70	(0.50)	.00	105.20	(0.50)	.00	105.20
Personal Services	3,486,639	429,368	0	3,916,007	415,081	0	3,901,720
Operating Expenses	3,910,886	958,747	174,280	5,043,913	916,642	224,560	5,052,088
Equipment	36,137	(1,137)	0	35,000	(21,137)	0	15,000
Grants	481,844	0	100,000	581,844	0	150,000	631,844
Benefits & Claims	2,280	0	0	2,280	0	0	2,280
Debt Service	7,092	0	0	7,092	(7,092)	0	0
<b>Total Costs</b>	<b>\$7,924,878</b>	<b>\$1,386,978</b>	<b>\$274,280</b>	<b>\$9,586,136</b>	<b>\$1,303,494</b>	<b>\$374,560</b>	<b>\$9,602,932</b>
General Fund	2,280,102	442,129	206,300	2,928,531	418,906	254,748	2,953,756
State/Other Special	98,655	71,910	21,000	191,565	71,275	21,000	190,930
Federal Special	5,546,121	872,939	46,980	6,466,040	813,313	98,812	6,458,246
<b>Total Funds</b>	<b>\$7,924,878</b>	<b>\$1,386,978</b>	<b>\$274,280</b>	<b>\$9,586,136</b>	<b>\$1,303,494</b>	<b>\$374,560</b>	<b>\$9,602,932</b>



**Program Description -** Provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. Operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

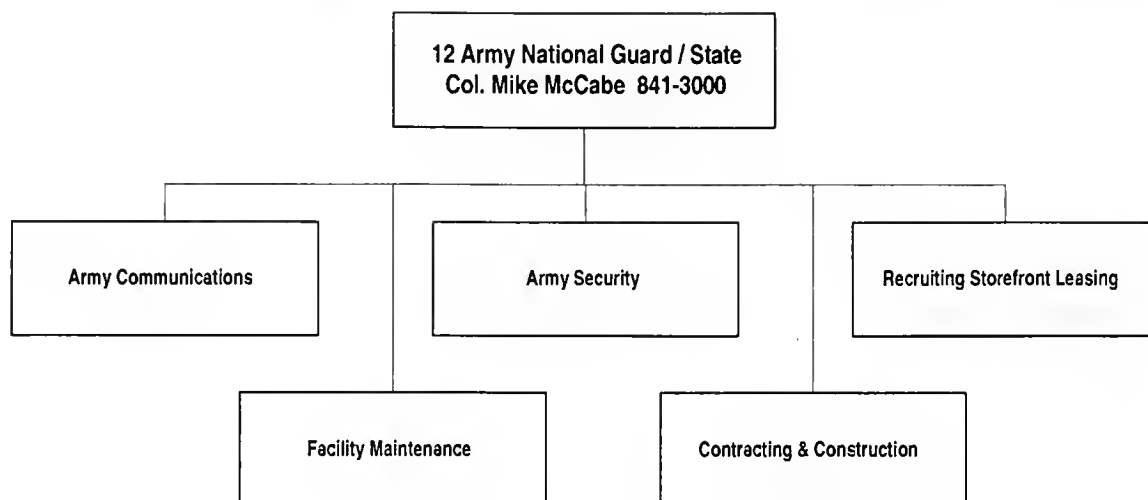
**Executive Budget Recommendation -**

- Support Montana National Guard Scholarship Program

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	6.60	.00	.00	6.60	.00	.00	6.60
Personal Services	288,659	21,081	0	309,740	19,777	0	308,436
Operating Expenses	54,410	958	0	55,368	(220)	0	54,190
Grants	0	0	100,000	100,000	0	150,000	150,000
Benefits & Claims	2,280	0	0	2,280	0	0	2,280
<b>Total Costs</b>	<b>\$345,349</b>	<b>\$22,039</b>	<b>\$100,000</b>	<b>\$467,388</b>	<b>\$19,557</b>	<b>\$150,000</b>	<b>\$514,906</b>
General Fund	312,956	20,796	100,000	433,752	18,545	150,000	481,501
State/Other Special	0	0	0	0	0	0	0
Federal Special	32,393	1,243	0	33,636	1,012	0	33,405
<b>Total Funds</b>	<b>\$345,349</b>	<b>\$22,039</b>	<b>\$100,000</b>	<b>\$467,388</b>	<b>\$19,557</b>	<b>\$150,000</b>	<b>\$514,906</b>

**New Proposals -**

- Initiate state-sponsored, performance-based educational assistance program



**Program Description -** The Army National Guard provides a trained and equipped military organization for use in the event of a state or national emergency. This program supports the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations, and 4) administering statewide communication services, security contracts and leases for buildings and land used by the Army National Guard.

**Executive Budget Recommendation -**

- Fund utilities and janitorial services for new buildings
- Facilitate maintenance and painting schedules for armories

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Army Guard Facilities						
Square Footage	1,066,000	1,110,000	1,271,000	1,400,000	1,600,000	1,800,000
State Facility Maintenance						
Employees	8	8	9	9	9	9

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	26.30	.00	.00	26.30	.00	.00	26.30
Personal Services	775,981	168,027	0	944,008	162,226	0	938,207
Operating Expenses	2,815,821	809,890	97,400	3,723,111	789,581	214,320	3,819,722
Equipment	14,989	20,011	0	35,000	11	0	15,000
Debt Service	7,092	0	0	7,092	(7,092)	0	0
<b>Total Costs</b>	<b>\$3,613,883</b>	<b>\$997,928</b>	<b>\$97,400</b>	<b>\$4,709,211</b>	<b>\$944,726</b>	<b>\$214,320</b>	<b>\$4,772,929</b>
General Fund	913,252	349,231	34,860	1,297,343	339,140	99,628	1,352,020
State/Other Special	16	3,984	21,000	25,000	3,984	21,000	25,000
Federal Special	2,700,615	644,713	41,540	3,386,868	601,602	93,692	3,395,909
<b>Total Funds</b>	<b>\$3,613,883</b>	<b>\$997,928</b>	<b>\$97,400</b>	<b>\$4,709,211</b>	<b>\$944,726</b>	<b>\$214,320</b>	<b>\$4,772,929</b>

**Significant Present Law Adjustments -**

- Request \$162,000 of general fund each year of the biennium to complete a portion of the priority maintenance projects at state armories and additional state special authority to use rental fees to augment maintenance projects
- Maintain a 9-year program to paint the exterior of armories with \$137,627 general fund each year
- Add federal funding of \$230,000 each year of the 2001 biennium for communications increases



**New Proposals -**

- Address utilities for new buildings
- Allow janitorial services for new buildings

**Language Recommendations -** The following language is recommended for HB2:

"If federal authorities determine that federal money cannot be used to pay for audit costs, general fund up to a maximum of \$11,537 will be appropriated to pay audit costs."

**AIR NATIONAL GUARD**

13 Air National Guard / State  
LTC Brad Livingston 791-6280

Administration

Facility Maintenance

Fire Fighters

Security Contracting

**Program Description -** The Air National Guard maintains a trained and equipped military organization for use in the event of a state or national emergency. This program supports the organization by providing administrative support, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air Guard is created under Article I, Section 8 U.S. Constitution, Clauses 15-16, and Article VI, Section 13, Montana Constitution, and operates in accordance with Title 10, Chapters 1 and 3, MCA.

**Program Indicators -**

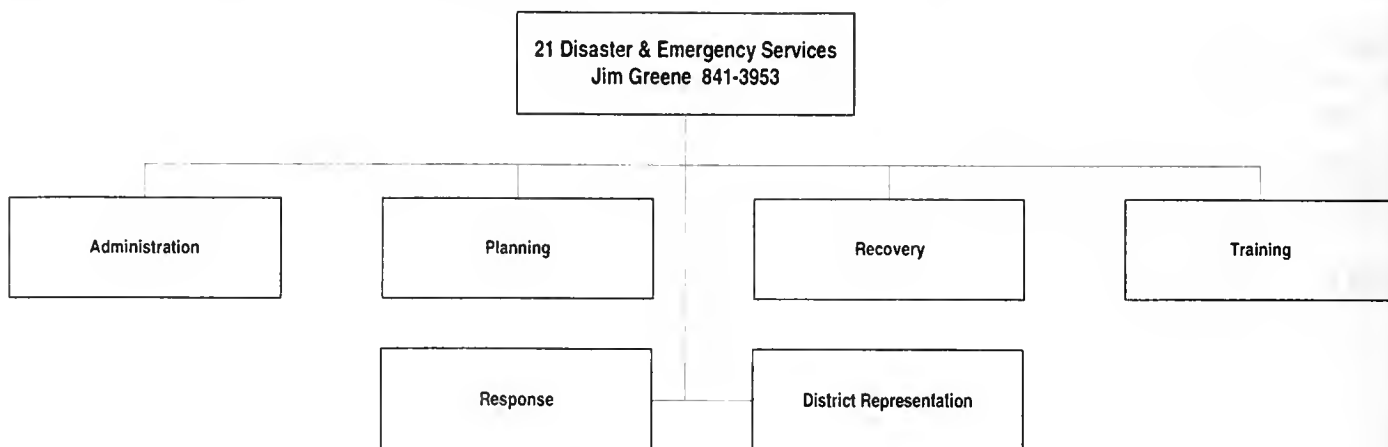
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Square Footage at Gore Hill	357,096	367,916	394,992	394,902	393,304	395,562
State Maintenance Positions/100,000 SF	2.10	2.04	2.03	2.03	2.29	2.28

**Program Proposed Budget**

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	33.00	.00	.00	33.00	.00	.00	33.00
Personal Services	1,172,016	102,358	0	1,274,374	101,578	0	1,273,594
Operating Expenses	727,500	30,602	0	758,102	22,343	0	749,843
<b>Total Costs</b>	<b>\$1,899,516</b>	<b>\$132,960</b>	<b>\$0</b>	<b>\$2,032,476</b>	<b>\$123,921</b>	<b>\$0</b>	<b>\$2,023,437</b>
General Fund	194,335	17,874	0	212,209	16,553	0	210,888
Federal Special	1,705,181	115,086	0	1,820,267	107,368	0	1,812,549
<b>Total Funds</b>	<b>\$1,899,516</b>	<b>\$132,960</b>	<b>\$0</b>	<b>\$2,032,476</b>	<b>\$123,921</b>	<b>\$0</b>	<b>\$2,023,437</b>

**Language Recommendations -** The following language is recommended for HB2:

"If federal authorities determine that federal money cannot be used to pay for audit costs, general fund up to a maximum of \$7,391 will be appropriated to pay audit costs."



**Program Description -** The Disaster and Emergency Services Division: (1) works with local, state and federal officials to prepare, update and coordinate emergency preparedness, response, recovery and mitigation plans; (2) provides technical assistance and coordination of the state response to assist local governments in time of emergencies; (3) coordinates federal assistance to the state and local governments in the event of a Presidential disaster declaration. The division is responsible for proactive planning activities, responding quickly and effectively to emergencies and disasters, being a central 24-hour point-of-contact for local government and the coordinator of the state assistance to local government. The division is established under Title 2, Chapter 15, part 12 and operates in accordance with Title 10 Chapter 3, MCA.

**Executive Budget Recommendation -**

- Present law adjustments for LAN contract support increase and other fixed costs

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Local Government Disaster Training Classes	30	30	37	38	42	43
State Declarations	11	7	2	2	N/A	N/A

**Program Proposed Budget**

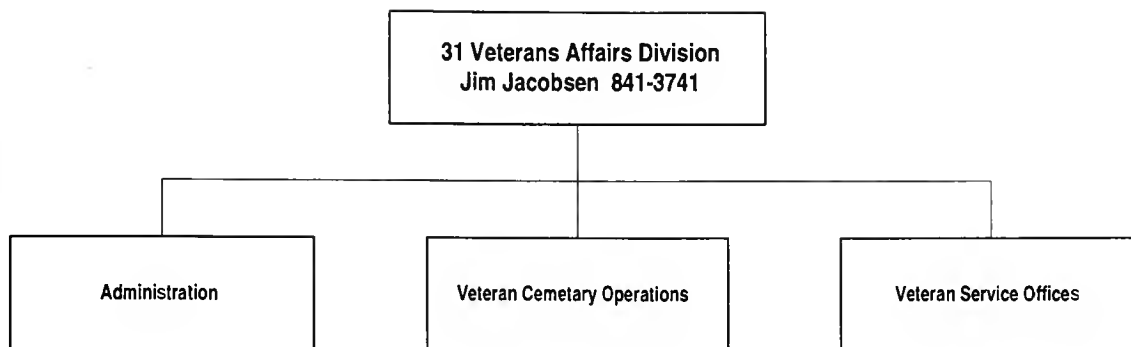
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	20.00	.00	.00	20.00	.00	.00	20.00
Personal Services	681,738	107,166	0	788,904	104,000	0	785,738
Operating Expenses	205,852	25,965	10,880	242,697	17,622	10,240	233,714
Grants	481,844	0	0	481,844	0	0	481,844
<b>Total Costs</b>	<b>\$1,369,434</b>	<b>\$133,131</b>	<b>\$10,880</b>	<b>\$1,513,445</b>	<b>\$121,622</b>	<b>\$10,240</b>	<b>\$1,501,296</b>
General Fund	242,756	21,176	5,440	269,372	18,246	5,120	266,122
State/Other Special	18,746	58	0	18,804	45	0	18,791
Federal Special	1,107,932	111,897	5,440	1,225,269	103,331	5,120	1,216,383
<b>Total Funds</b>	<b>\$1,369,434</b>	<b>\$133,131</b>	<b>\$10,880</b>	<b>\$1,513,445</b>	<b>\$121,622</b>	<b>\$10,240</b>	<b>\$1,501,296</b>

**New Proposals -**

- Expand motor pool leased vehicles for new district representative positions

**Language Recommendations -** The following language is recommended for HB2:

"If Congress changes the 100% federal funding for states to a 50% federal/50% state funding criteria in federal fiscal year 2000 then there is appropriated \$180,881 general fund in fiscal year 2000 and \$238,284 general fund in fiscal year 2001."



**Program Description** - Assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Fort Harrison in Helena and Miles City. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs. The board is established under Title 2, Chapter 15, part 12 and operates in accordance with Title 10, Chapter 2, MCA.

**Executive Budget Recommendation -**

- Support Montana contribution for World War II Memorial campaign

Indicator	Program Indicators -					
	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Benefits for Montana Veterans	\$29M	\$31M	\$32M	\$33M	\$34M	\$35M
Veteran Cemetery Burials	100	91	115	120	125	130

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	19.80	(0.50)	.00	19.30	(0.50)	.00	19.30
Personal Services	568,245	30,736	0	598,981	27,500	0	595,745
Operating Expenses	107,303	91,332	66,000	264,635	87,316	0	194,619
Equipment	21,148	(21,148)	0	0	(21,148)	0	0
<b>Total Costs</b>	<b>\$696,696</b>	<b>\$100,920</b>	<b>\$66,000</b>	<b>\$863,616</b>	<b>\$93,668</b>	<b>\$0</b>	<b>\$790,364</b>
General Fund	616,803	33,052	66,000	715,855	26,422	0	643,225
State/Other Special	79,893	67,868	0	147,761	67,246	0	147,139
<b>Total Funds</b>	<b>\$696,696</b>	<b>\$100,920</b>	<b>\$66,000</b>	<b>\$863,616</b>	<b>\$93,668</b>	<b>\$0</b>	<b>\$790,364</b>

**Significant Present Law Adjustments -**

- Fund operational cost of the Eastern Montana Veterans' Cemetery

**New Proposals -**

- Support Montana contribution for World War II Memorial campaign using \$66,000 one-time general fund

**DISASTER FUND**

**Program Description** - The Disaster Fund Program allows the expenditure of funds when the Governor or President declares a disaster or emergency. Funding would be from the state disaster fund, pursuant to 10-3-312, MCA, and if a presidential disaster is approved additional funding would be granted by FEMA.





# EDUCATION

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Office of Public Instruction  
Commissioner of Higher Education  
Montana University System (MUS)  
Montana State University  
University of Montana  
Colleges of Technology  
Agricultural Experiment Station  
Cooperative Extension Service

Forestry Experiment Station  
Fire Services Training School  
Bureau of Mines  
Board of Public Education  
School for the Deaf & Blind  
Montana Arts Council  
Library Commission  
Montana Historical Society

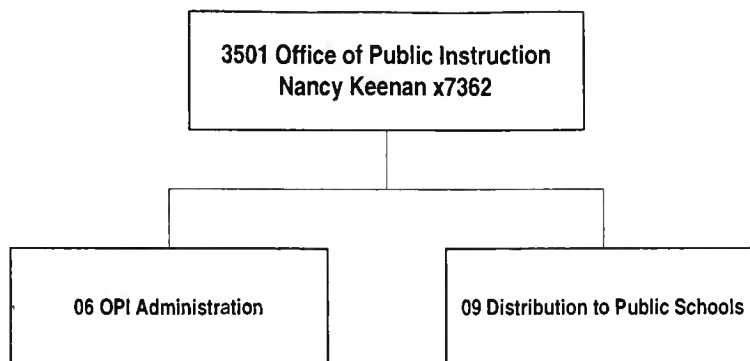
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## OBPP Staff\*

Amy Carlson x4893  
Mariann Huso x4895

*\*See Reference page 1 for specific staff assignments*





**Mission Statement** - To advocate for, communicate with, be accountable to, and educate those we serve.

**Statutory Authority** - Title 20, MCA

**Executive Recommended Legislation -**

- Increase the basic and per-ANB entitlements for K-12 BASE aid.
- Implement a guaranteed annual adjustment for teachers' retirement benefits.

**Executive Budget Recommendation -**

- Increase K-12 BASE aid funding for elementary schools by 3.5% per year, for high schools by 1.5% per year and for special education by 1.5% per year. The additional general fund cost for this increase is \$30.7 million.
- Complete and implement the "Improving Montana Schools" project. The additional cost is \$ .9 million general fund.
- Extend support for school facility payments as more facilities are built that qualify for aid. The additional general fund cost is \$1.5 million in the biennium.
- Implement the federal programs for school-to-work and reduced class size.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	112.18	2.00	4.33	118.51	2.00	4.33	118.51
Personal Services	4,148,254	707,070	166,389	5,021,713	684,885	165,248	4,998,387
Operating Expenses	4,256,465	1,946,759	374,482	6,577,706	2,054,722	468,045	6,779,232
Equipment	53,136	0	0	53,136	0	0	53,136
Local Assistance	462,543,713	(4,681,430)	11,172,799	469,035,082	(9,964,932)	21,681,944	474,260,725
Grants	63,446,126	7,832,287	8,919,925	80,198,338	10,328,135	3,083,061	76,857,322
Debt Service	12,901	(12,901)	0	0	(12,901)	0	0
<b>Total Costs</b>	<b>\$534,460,595</b>	<b>\$5,791,785</b>	<b>\$20,633,595</b>	<b>\$560,885,975</b>	<b>\$3,089,909</b>	<b>\$25,398,298</b>	<b>\$562,948,802</b>
General Fund	466,125,633	(4,204,548)	11,172,298	473,093,383	(9,511,822)	22,127,712	478,741,523
State/Other Special	1,329,585	108,296	365,000	1,802,881	107,743	145,000	1,582,328
Federal Special	67,005,377	9,888,038	9,096,297	85,989,712	12,493,986	3,125,586	82,624,949
<b>Total Funds</b>	<b>\$534,460,595</b>	<b>\$5,791,786</b>	<b>\$20,633,595</b>	<b>\$560,885,976</b>	<b>\$3,089,907</b>	<b>\$25,398,298</b>	<b>\$562,948,800</b>

06 OPI Administration

**Program Description** - The OPI Administration program funds all aspects of the Office of Public Instruction's operations, including fiscal and programmatic administration, supervision, leadership, technical assistance, evaluation, compliance enforcement, information technology and consultative services. Services are provided to a variety of public and non-public schools, units of the university system, community-based organizations, other state agencies and the general public. The program administers all federal grants received by OPI. The staff provides assistance to the Superintendent of Public Instruction in performing her prescribed duties and supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	112.18	2.00	4.33	118.51	2.00	4.33	118.51
Personal Services	4,148,254	707,070	166,389	5,021,713	684,885	165,248	4,998,387
Operating Expenses	4,230,178	1,946,759	374,482	6,551,419	2,054,722	468,045	6,752,945
Equipment	53,136	0	0	53,136	0	0	53,136
Local Assistance	13,788	0	0	13,788	0	0	13,788
Debt Service	12,901	(12,901)	0	0	(12,901)	0	0
<b>Total Costs</b>	<b>\$8,458,257</b>	<b>\$2,640,928</b>	<b>\$540,871</b>	<b>\$11,640,056</b>	<b>\$2,726,706</b>	<b>\$633,293</b>	<b>\$11,818,256</b>
General Fund	3,857,900	465,020	314,499	4,637,419	441,248	475,768	4,774,916
State/Other Special	329,585	108,293	35,000	472,878	107,740	35,000	472,325
Federal Special	4,270,772	2,067,616	191,372	6,529,760	2,177,716	122,525	6,571,013
<b>Total Funds</b>	<b>\$8,458,257</b>	<b>\$2,640,929</b>	<b>\$540,871</b>	<b>\$11,640,057</b>	<b>\$2,726,704</b>	<b>\$633,293</b>	<b>\$11,818,254</b>

**Significant Present Law Adjustments -**

- OPI was responsible for maintenance and finance costs for the new space in their building for the 1999 biennium. In the 2001 biennium, Department of Administration will maintain the space and bill rent costs to OPI.
- Establish new positions in the federal special education program with an increased grant level.

**New Proposals -**

- Develop a comprehensive, well-integrated, sustainable School-to-Work system using federal implementation grant funds of \$249,793 in the administration program.
- Provide \$.8 million for completion and implementation of school improvement projects begun during the 1999 biennium. Tasks for the 2001 biennium include: revise academic standards for social studies, fine arts, library media, vocational/practical arts, and guidance; implement standards and a system of statewide assessment; review Montana's accreditation process; and complete the Montana education profile.

**Proprietary Rates**

**Program Description** -The OPI's internal service fund (A/E 06512) is an indirect cost pool. Services accounted for as indirect costs include all internal payroll, human resources, accounting, budgeting, cash management, financial reporting, procurement, word-processing, mail delivery, library services and costs that can not reasonably be identified with a particular program.

**Revenues and Expenses** -The federally approved indirect cost rate for the FY 1999 biennium is 17%. No significant change in services or level of fees is anticipated for the FY 2001 biennium.



**Rate Explanation** -OPI's indirect cost rate is negotiated with the U.S. Department of Education every three-years in accordance with federal regulations and state law. The rate approved by the Department of Education for FY1999 - FY2001 is 17% and is based on actual expenditures for FY 1997.

- Significant Present Law –**
- Present law adjustments include funding to lease a van for mail deliveries, salary adjustments for two positions, a contract to rewrite system interfaces to work with MT PRRIME, and distributions of statewide fixed costs.

DISTRIBUTION TO PUBLIC SCHOOLS

09 Distribution to Public Schools

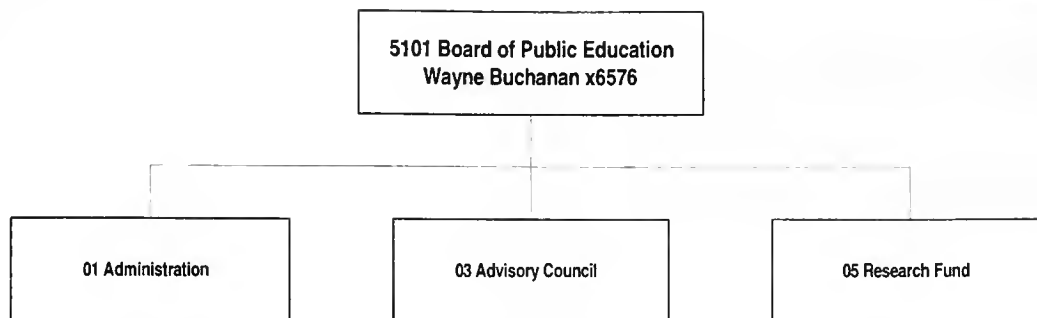
**Program Description** - The Distributions to Public Schools program is used by OPI to account for all payments of state and federal grants and entitlements to local education agencies.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	26,287	0	0	26,287	0	0	26,287
Local Assistance	462,529,925	(4,681,430)	11,172,799	469,021,294	(9,964,932)	21,681,944	474,246,937
Grants	63,446,126	7,832,287	8,919,925	80,198,338	10,328,135	3,083,061	76,857,322
Total Costs	\$526,002,338	\$3,150,857	\$20,092,724	\$549,245,919	\$363,203	\$24,765,005	\$551,130,546
General Fund	462,267,733	(4,669,568)	10,857,799	468,455,964	(9,953,070)	21,651,944	473,966,607
State/Other Special	1,000,000	3	330,000	1,330,003	3	110,000	1,110,003
Federal Special	62,734,605	7,820,422	8,904,925	79,459,952	10,316,270	3,003,061	76,053,936
Total Funds	\$526,002,338	\$3,150,857	\$20,092,724	\$549,245,919	\$363,203	\$24,765,005	\$551,130,546

- Significant Present Law Adjustments -**
- Fund state school facility payments to low-wealth school districts at the FY 1999 level of \$3 million. In the base year, FY 1998, the payments were \$2.5 million.
  - Allow state reimbursement of school district transportation costs in accordance with statutory payment schedules. State payments to schools for the transportation of students have been growing slowly over the past several years and are expected to continue.
  - Reduce K-12 BASE aid for the 2001 biennium by \$17.5 million general fund due to declining enrollments and increasing non-levy revenue received by the districts. Enrollments are expected to drop by 4,199 or 2.6% from FY 1998 to FY 2000 and by 6,495 or 4.0% from FY1998 to FY 2001. Higher levels of non-levy revenue decrease state formula funding.

**New Proposals -**

- Increase the Basic and per ANB entitlements and the special education payments to districts. The recommended increase for elementary entitlements is 3.5% per year, for high school entitlements is 1.5% per year and 1.5% per year for special education. The total cost of this proposal is \$30.7 million general fund.
- Provide \$45,000 grants to schools for being demonstration sites for the school improvement project and provide \$50,000 for stipends for teachers who successfully earn certification from the national board for professional teaching standards.
- Increase the appropriation from the state-dedicated revenue for driver's education by \$440,000. This will increase the amount OPI will be able to reimburse school districts for the cost of the drivers education program.
- As a part of school funding equalization, the state makes payments to low-wealth school districts for debt service payments for school facilities. New bonds are issued by qualifying school districts each year. An increase of \$.5 million per year is estimated to be needed to extend the aid to these new facilities.
- Distribute \$5 million of federal funds to local education agencies for development of school-to-work systems.
- Implement a competitive grant program for school reform by providing spending authority for the distribution of federal Comprehensive School Reform Demonstration funds to school districts in the amount of \$1,217,986
- Allow a new federal program that allocates \$5.6 million to reduce class sizes. OPI must distribute 100% of the federal funds to local districts. Allocating 80% by poverty and 20% by population.
- Provide a \$100,000 per year general fund grant to the Montana Science Institute (MSI), formerly called the Canyon Ferry Limnological Institute. MSI would use these funds to provide instruction for 40-60 students per day during the 180-day academic year.

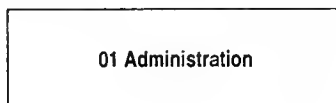


**Mission Statement** - To exercise "general supervision over the public school system", govern the Montana School for the Deaf and Blind and, together with the Board of Regents, do the general planning, coordinating, and evaluating of the state educational system.

**Statutory Authority** - Article X, Section 9, Mont. Const.; 2-15-1507 and 2-15-1522, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.00	(.25)	.00	3.75	(.25)	.00	3.75
Personal Services	157,489	1,633	0	159,122	706	0	158,195
Operating Expenses	137,909	7,330	22,141	167,380	6,145	22,141	166,195
Equipment	2,937	(2,937)	0	0	(2,937)	0	0
<b>Total Costs</b>	<b>\$298,335</b>	<b>\$6,026</b>	<b>\$22,141</b>	<b>\$326,502</b>	<b>\$3,914</b>	<b>\$22,141</b>	<b>\$324,390</b>
General Fund	122,058	13,425	20,436	155,919	11,475	20,436	153,969
State/Other Special	176,277	(7,399)	1,705	170,583	(7,561)	1,705	170,421
<b>Total Funds</b>	<b>\$298,335</b>	<b>\$6,026</b>	<b>\$22,141</b>	<b>\$326,502</b>	<b>\$3,914</b>	<b>\$22,141</b>	<b>\$324,390</b>

## ADMINISTRATION



**Program Description** - The staff of the Administration Program provide administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education. The Board of Public Education is charged with exercising general supervision of the public school system.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	2.00	.00	.00	2.00	.00	.00	2.00
Personal Services	94,055	6,787	0	100,842	6,255	0	100,310
Operating Expenses	36,911	9,108	22,141	68,160	7,528	22,141	66,580
Equipment	1,285	(1,285)	0	0	(1,285)	0	0
<b>Total Costs</b>	<b>\$132,251</b>	<b>\$14,610</b>	<b>\$22,141</b>	<b>\$169,002</b>	<b>\$12,498</b>	<b>\$22,141</b>	<b>\$166,890</b>
General Fund	122,058	13,425	20,436	155,919	11,475	20,436	153,969
State/Other Special	10,193	1,185	1,705	13,083	1,023	1,705	12,921
<b>Total Funds</b>	<b>\$132,251</b>	<b>\$14,610</b>	<b>\$22,141</b>	<b>\$169,002</b>	<b>\$12,498</b>	<b>\$22,141</b>	<b>\$166,890</b>

**New Proposals -**

- Standards adoption and implementation-OTO
- Add National Association of State Boards of Education dues

**ADVISORY COUNCIL**

**03 Advisory Council**

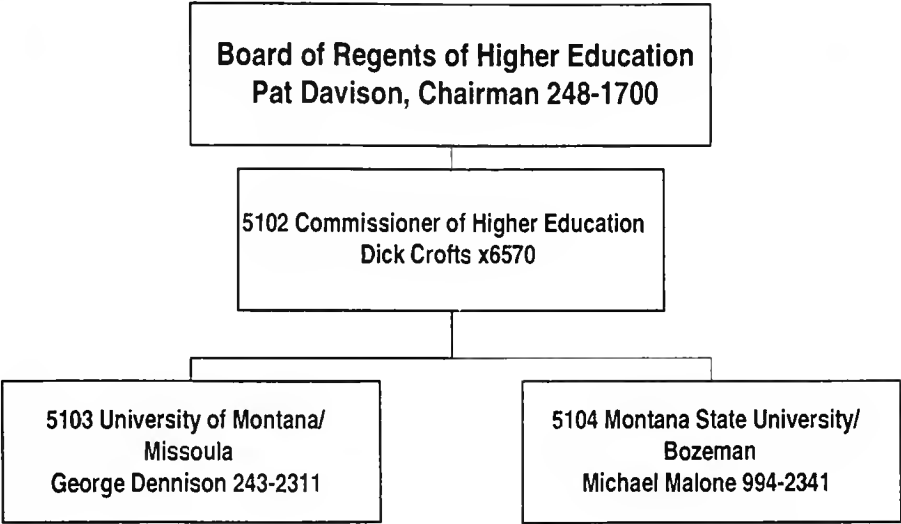
**Program Description -** The seven-member Certification Standards and Practices Advisory Council was created by the legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: teacher, administrator, and specialist certification standards; the status and efficacy of approved teacher education programs; the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA, with duties described in 20-4-133, MCA. These duties include making recommendations to the Board of Public Education regarding precertification training, education requirements, and renewal certification requirements for teachers, administrators, and specialists. The council is required to annually submit its recommendations to the Board of Public Education.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001	Total Exec. Budget Fiscal 00-01
FTE	2.00	(.25)	.00	1.75	(.25)	.00	1.75	1.75
Personal Services	63,434	(5,154)	0	58,280	(5,549)	0	57,885	116,165
Operating Expenses	100,998	(1,778)	0	99,220	(1,383)	0	99,615	198,835
Equipment	1,652	(1,652)	0	0	(1,652)	0	0	0
Total Costs	\$166,084	(\$8,584)	\$0	\$157,500	(\$8,584)	\$0	\$157,500	\$315,000
State/Other Special	166,084	(8,584)	0	157,500	(8,584)	0	157,500	315,000
Total Funds	\$166,084	(\$8,584)	\$0	\$157,500	(\$8,584)	\$0	\$157,500	\$315,000

**Significant Present Law Adjustments -**

- Reduce program services to maintain a positive fund balance

MONTANA UNIVERSITY SYSTEM



**Mission Statement –**

As it moves into the 21st century, the Montana University System will . . .  
Provide the best quality of post-secondary programs of education, research, and service to the citizens of Montana, both students and taxpayers, at the time and place they need it at a price they can afford.

- Emphasize an approach that is market-oriented and customer-driven.
- Pursue an unrelenting emphasis upon student success, including treating students with the dignity they deserve and providing students the services essential to their success.
- Assess all programs, services, policies, and resource allocations by the degree to which they contribute to the success of students.
- Focus policy discussion and resource allocation on student learning.
- Aggressively pursue the use of technology to provide high-quality educational experiences to students, broadened access to programs, and more efficient management of resources.
- Develop an educated citizenry prepared to meet the challenges of the 21st century, engage in lifelong learning, and lead productive lives.
- Seek collaborative partnerships for the common good with other education, government, business, and community entities.
- Produce graduates who will be good citizens and productive employees enjoying a high quality of life.
- Develop management approaches, structures, and strategies consistent with our educational goals.

**Statutory Authority -**

Article X, Sect 9, MT Constitution; 2-15-1505 and 2-15-1506, MCA

**Executive Budget Recommendation –**

- Encourage the Regents to limit tuition increases by supporting the present law base cost increases without resident tuition increases, except extraordinary salary increases resulting from faculty agreements.
- Add Montana Tuition Assistance Grants of \$1.5 million per year for this biennium.
- Fund quality investments in technology and libraries for a total of \$3 million in this biennium.
- Fund research activity for economic development with \$3.2 million in general fund and \$.8 million from the Montana Science and Technology repayments.
- Fund agricultural research activity and technology transfer that will help meet the goal of doubling the economic value of Montana's agriculture. This is recommended as a one time only expenditure of \$1.59 million per year and is part of the Vision 2005 project.
- Increase funding for the rural residency program to encourage more family physicians to begin practice in rural Montana.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	76.00	1.00	5.00	82.00	1.00	5.00	82.00
Personal Services	2,619,116	264,835	193,491	3,077,442	248,890	155,284	3,023,290
Operating Expenses	2,932,588	11,571	782,076	3,726,235	(47,504)	718,859	3,603,943
Equipment	25,455	0	0	25,455	0	0	25,455
Local Assistance	4,783,882	218,299	0	5,002,181	221,299	0	5,005,181
Grants	8,055,788	698,864	1,243,541	9,998,193	853,382	1,243,541	10,152,711
Benefits & Claims	1,000	0	23,900,127	23,901,127	0	25,095,133	25,096,133
Transfers	119,398,527	5,353,687	8,302,336	133,054,550	5,185,675	8,145,380	132,729,582
Debt Service	99,156	(95,095)	0	4,061	(95,095)	0	4,061
<b>Total Costs</b>	<b>\$137,915,512</b>	<b>\$6,452,161</b>	<b>\$34,421,571</b>	<b>\$178,789,244</b>	<b>\$6,366,647</b>	<b>\$35,358,197</b>	<b>\$179,640,356</b>
General Fund	113,436,878	19,861,022	(8,404,251)	124,893,649	19,785,246	(8,667,298)	124,554,826
State/Other Special	14,455,976	(13,783,112)	15,190,472	15,863,336	(13,783,213)	15,858,037	16,530,800
Federal Special	10,022,658	374,251	27,635,350	38,032,259	364,614	28,167,458	38,554,730
<b>Total Funds</b>	<b>\$137,915,512</b>	<b>\$6,452,161</b>	<b>\$34,421,571</b>	<b>\$178,789,244</b>	<b>\$6,366,647</b>	<b>\$35,358,197</b>	<b>\$179,640,356</b>

Explanation:

The above table reflects the financial transactions of the Office of the Commissioner of Higher Education (OCHE). These funds are directly appropriated for the Montana University System (MUS). The majority of these funds are transferred out of the OCHE into the university units where they are combined with tuition and other general operating funds to become current unrestricted in higher education funds. All of the above OCHE appropriations are recorded on the state accounting system in governmental fund category (MCA 17-2-102). All units of the MUS, except the OCHE, record all transactions in higher education funds.

Higher Education funds	Base Budget 1998	PL Base Adjustment 2000	New Proposals 2000	Total Budget 2000	PL Base Adjustment 2001	New Proposals 2001	Total Budget 2001
COT Great Falls	3,631,360	288,039	2,279	3,921,678	261,064	4,659	3,897,083
COT Helena	2,863,962	456,147	1,557	3,321,666	545,041	3,302	3,412,305
UM - Missoula	71,877,149	6,623,874	136,665	78,637,688	7,177,131	282,943	79,337,223
MSU - Bozeman	70,060,848	5,650,340	119,304	75,830,492	6,200,583	247,115	76,508,546
MT Tech - UM	13,921,809	1,158,064	21,601	15,101,474	1,164,249	44,598	15,130,656
MSU - Billings	20,995,600	2,082,069	34,509	23,112,178	2,230,999	71,454	23,298,053
MSU - Northern	9,720,954	1,232,265	23,630	10,976,849	1,180,125	48,204	10,949,283
Western - UM	6,403,948	745,358	11,096	7,160,402	705,462	22,697	7,132,107
Subtotal lump	199,475,630	18,236,156	350,641	218,062,427	19,464,654	724,972	219,665,256
Ag. Experiment	10,990,364	690,293	1,500,000	13,180,657	668,563	1,500,000	13,158,927
Extension Serv.	5,384,843	527,723	90,000	6,002,566	525,170	90,000	6,000,013
Forestry & Cons.	797,838	47,799	-	845,637	47,165	-	845,003
Bureau of Mines	1,855,213	2,401	-	1,857,614	(973)	-	1,854,240
Fire Services	273,314	20,007	-	293,321	19,186	-	292,500
Quality			1,500,000	1,500,000		1,500,000	4,500,000
Research			1,927,328	1,927,328		2,102,792	5,957,448
other		(18,032)	45,600	45,600	(18,032)	91,200	146,336
<b>Grand total</b>	<b>218,777,202</b>	<b>19,506,347</b>	<b>5,413,569</b>	<b>243,715,150</b>	<b>20,705,733</b>	<b>6,008,964</b>	<b>252,419,723</b>

Explanation: The above table reflects the total current unrestricted financial transactions of the Montana University System (MUS), other than OCHE. MUS expenditures are recorded on the state accounting system in higher education fund category (MCA 17-2-102). All units of the MUS, except the OCHE, record transactions in higher education funds.

General fund and state millage are transferred into these higher education funds through the OCHE. The appropriations of general fund and state millage shown here are duplicated in the transfers shown in the previous table.

The current unrestricted portion of the Montana University System (MUS) budget is the state appropriated or general operating budget of the MUS. Funds for dormitories, food services, grants and contracts, and other special purpose funds are not reflected in the budget.

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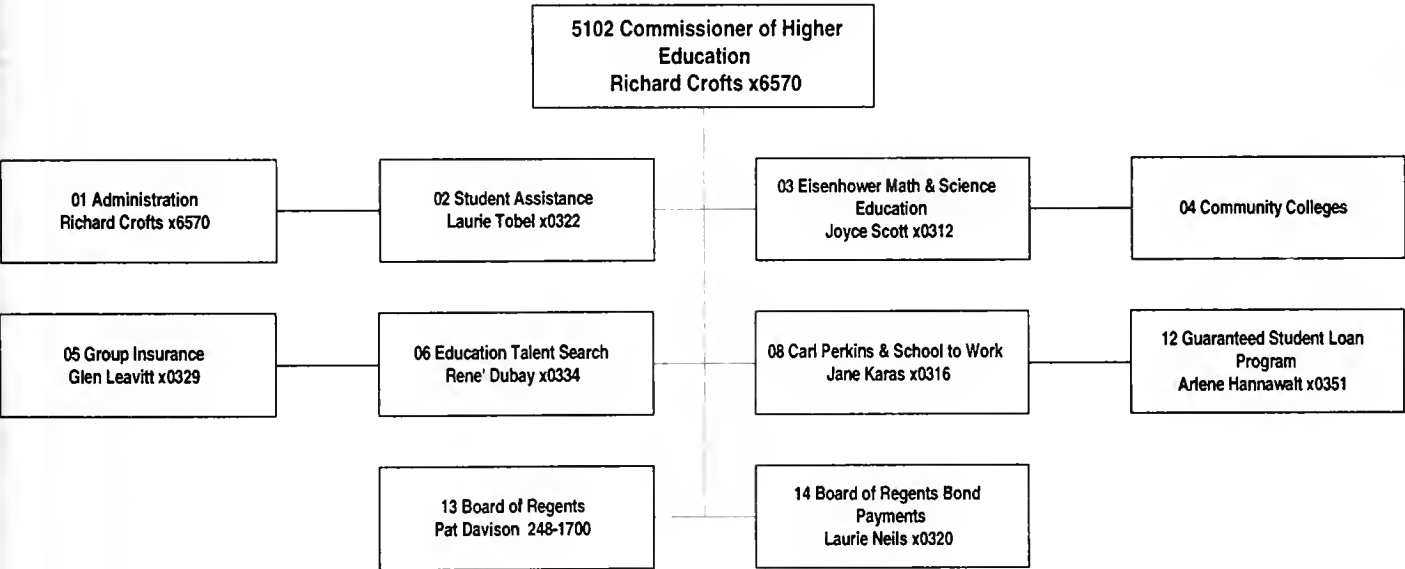
Extension Service (ES) pages E-17 to E-18

Forest and Conservation Station pages E-18 to E-19

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OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION



01 Administration  
Richard Crofts x6570

**Program Description** - The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration.

**Statutory Authority** - Article X, Section 9 of the Montana constitution requires that the Board of Regents appoints the commissioner and prescribe his powers and duties.

**Executive Budget Recommendation -**

- Continue the program at the base plus personal service, fixed cost, and inflation adjustments.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	15.40	.00	.00	15.40	.00	.00	15.40
Personal Services	760,515	148,784	0	909,299	142,651	0	903,166
Operating Expenses	253,708	4,794	0	258,502	(20,157)	0	233,551
<b>Total Costs</b>	<b>\$1,014,223</b>	<b>\$153,578</b>	<b>\$0</b>	<b>\$1,167,801</b>	<b>\$122,494</b>	<b>\$0</b>	<b>\$1,136,717</b>
General Fund	1,014,223	153,578	0	1,167,801	122,494	0	1,136,717
<b>Total Funds</b>	<b>\$1,014,223</b>	<b>\$153,578</b>	<b>\$0</b>	<b>\$1,167,801</b>	<b>\$122,494</b>	<b>\$0</b>	<b>\$1,136,717</b>

**STUDENT ASSISTANCE**

02 Student Assistance  
Laurie Tobel x0322

**Program Description** - This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine.

**Statutory Authority** - Title 20, Chapters 25 and 26, MCA



**COMMISSIONER OF HIGHER ED  
STUDENT ASSISTANCE PROGRAM**

**5102  
02**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Local Assistance	81,000	4,000	0	85,000	7,000	0	88,000
Grants	5,553,055	433,454	1,500,000	7,486,509	586,313	1,500,000	7,639,368
<b>Total Costs</b>	<b>\$5,634,055</b>	<b>\$437,454</b>	<b>\$1,500,000</b>	<b>\$7,571,509</b>	<b>\$593,313</b>	<b>\$1,500,000</b>	<b>\$7,727,368</b>
General Fund	5,493,456	437,454	1,500,000	7,430,910	593,313	1,500,000	7,586,769
Federal Special	140,599	0	0	140,599	0	0	140,599
<b>Total Funds</b>	<b>\$5,634,055</b>	<b>\$437,454</b>	<b>\$1,500,000</b>	<b>\$7,571,509</b>	<b>\$593,313</b>	<b>\$1,500,000</b>	<b>\$7,727,368</b>

**Significant Present Law Adjustments –**

- Cost increases for currently authorized number of slots for students in the various programs.

**New Proposals –**

- Fund the Montana Tuition Assistance program (MTAP) \$1.5 million per year above the base year of \$84,000. MTAP was initiated in FY 1998. It provides grants to undergraduate resident students who demonstrate progress toward degree, financial need, and work to contribute toward their educational expenses.

**EISENHOWER MATH & SCIENCE EDUCATION**

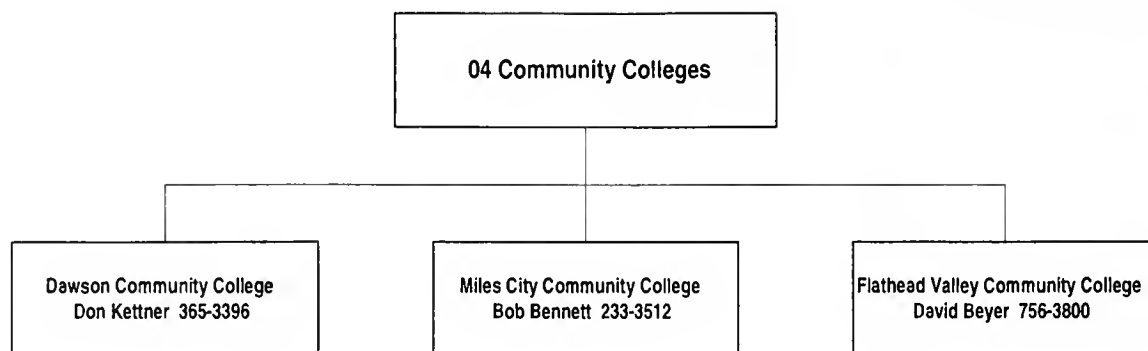
03 Eisenhower Math & Science  
Education  
Joyce Scott x0312

**Program Description -** This program is a Federal grant program aimed at upgrading teaching skills of teachers in math and science.

**Executive Budget Recommendation –**

- Continue the program at the base level plus increases in the federal program.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Personal Services	6,100	(6,100)	0	0	(6,100)	0	0
Operating Expenses	6,218	0	0	6,218	0	0	6,218
Grants	171,404	86,827	0	258,231	86,827	0	258,231
<b>Total Costs</b>	<b>\$183,722</b>	<b>\$80,727</b>	<b>\$0</b>	<b>\$264,449</b>	<b>\$80,727</b>	<b>\$0</b>	<b>\$264,449</b>
Federal Special	183,722	80,727	0	264,449	80,727	0	264,449
<b>Total Funds</b>	<b>\$183,722</b>	<b>\$80,727</b>	<b>\$0</b>	<b>\$264,449</b>	<b>\$80,727</b>	<b>\$0</b>	<b>\$264,449</b>



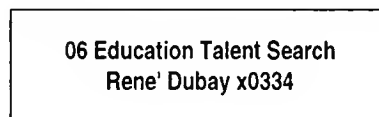
**Program Description** - This program distributes funds appropriated by the legislature in support of the three community colleges: Miles Community College, Dawson Community College and Flathead Valley Community College. Each community college district has an elected board of trustees. The Regents have statutory authority to manage the community colleges.

**Statutory Authority** - Title 20, Chapter 15, MCA

**Executive Budget Recommendation** - Increase appropriation for increase in the number of students from 2,004 to 2,045 and personal services pay plan increases. The total budgeted rate per student is \$4,683 for the 01 Biennium, compared to \$4,511 for FY 1999 without legislative audit or pay plan costs. The current state share of community college funding is 51%.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
Operating Expenses	0	0	0	0	(32,640)	0	(32,640)
Local Assistance	4,702,882	214,299	0	4,917,181	214,299	0	4,917,181
<b>Total Costs</b>	<b>\$4,702,882</b>	<b>\$214,299</b>	<b>\$0</b>	<b>\$4,917,181</b>	<b>\$181,659</b>	<b>\$0</b>	<b>\$4,884,541</b>
General Fund	4,702,882	214,299	0	4,917,181	181,659	0	4,884,541
<b>Total Funds</b>	<b>\$4,702,882</b>	<b>\$214,299</b>	<b>\$0</b>	<b>\$4,917,181</b>	<b>\$181,659</b>	<b>\$0</b>	<b>\$4,884,541</b>

## EDUCATION TALENT SEARCH



**Program Description** - This is primarily a federally funded program to decrease the dropout rate in high schools and increase enrollment in post-secondary education of disadvantaged students

**Executive Budget Recommendation** -

- Continue the program at the base plus personal service, fixed cost, and inflation adjustments.

# COMMISSIONER OF HIGHER ED TALENT SEARCH

5102  
06

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	10.95	.00	1.00	11.95	.00	1.00	11.95
Personal Services	390,737	(22,059)	34,881	403,559	(24,063)	34,625	401,299
Operating Expenses	150,766	1,113	47,739	199,618	937	115,766	267,469
Benefits & Claims	1,000	0	0	1,000	0	0	1,000
<b>Total Costs</b>	<b>\$542,503</b>	<b>(\$20,946)</b>	<b>\$82,620</b>	<b>\$604,177</b>	<b>(\$23,126)</b>	<b>\$150,391</b>	<b>\$669,768</b>
General Fund	86,605	7,155	0	93,760	7,155	0	93,760
Federal Special	455,898	(28,101)	82,620	510,417	(30,281)	150,391	576,008
<b>Total Funds</b>	<b>\$542,503</b>	<b>(\$20,946)</b>	<b>\$82,620</b>	<b>\$604,177</b>	<b>(\$23,126)</b>	<b>\$150,391</b>	<b>\$669,768</b>

## New Proposals -

- Add one curriculum specialist, who has been funded out of current operations.
- Increase authority to spend federal revenues expected to increase by 13% each year.

## CARL PERKINS & SCHOOL TO WORK

08 Carl Perkins & School to Work  
Jane Karas x0316

**Program Description -** The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education and successful transitions from school to careers at the secondary and post-secondary levels.

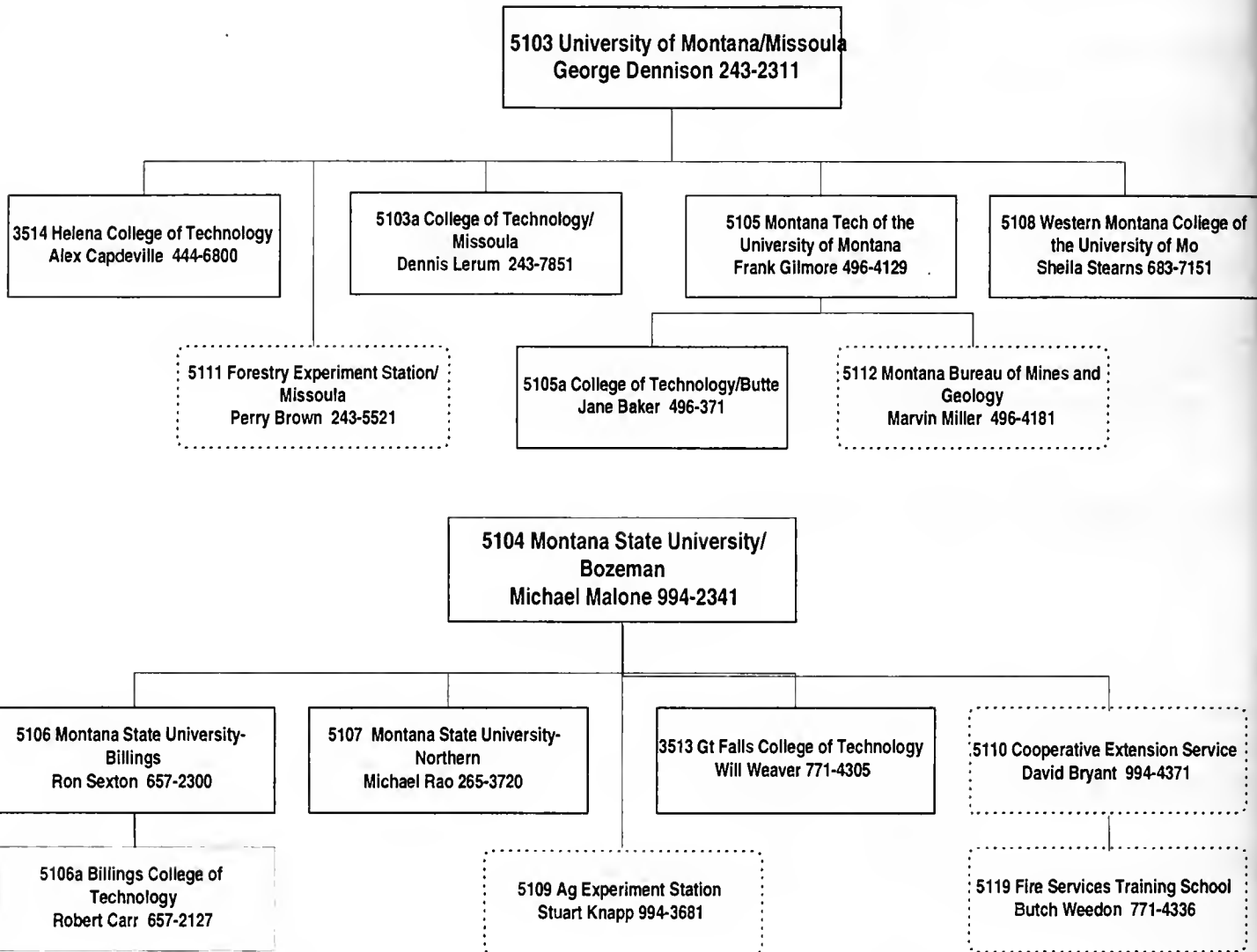
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	5.00	1.00	0	4.20	1.00	0	5.05
Personal Services	213,929	38,896	32,672	285,497	37,324	(4,355)	246,898
Operating Expenses	105,870	4,763	204,337	314,970	4,314	3,093	113,277
Grants	2,331,329	178,583	(256,459)	2,253,453	180,242	(256,459)	2,255,112
Transfers	3,021,108	0	3,066,115	6,087,223	0	2,504,641	5,525,749
<b>Total Costs</b>	<b>\$5,672,236</b>	<b>\$222,242</b>	<b>\$3,046,665</b>	<b>\$8,941,143</b>	<b>\$221,880</b>	<b>\$2,246,920</b>	<b>\$8,141,036</b>
General Fund	73,169	6,831	0	80,000	6,831	0	80,000
Federal Special	5,599,067	215,411	3,046,665	8,861,143	215,049	2,246,920	8,061,036
<b>Total Funds</b>	<b>\$5,672,236</b>	<b>\$222,242</b>	<b>\$3,046,665</b>	<b>\$8,941,143</b>	<b>\$221,880</b>	<b>\$2,246,920</b>	<b>\$8,141,036</b>

## New Proposals -

- A \$5.65 million increase in the School-to-Work grant from the federal government has been approved. Most of this grant will be transferred from OCHE to the Office of Public Instruction for allocation to school districts. Small portions of this grant will be transferred from OCHE to the Departments of Labor, Commerce, and Health and Human Services.

**COMMISSIONER OF HIGHER ED  
APPROPRIATION DISTRIBUTION TO MONTANA UNIVERSITY SYSTEM**

**5102  
09**



**Program Description** – The Montana University System (MUS) is segregated organizationally into two sub-systems: the University of Montana (UM) and Montana State University MSU). The appropriation for the MUS is combined differently. The educational units are combined into one budget and recommended for funding as one. This gives the Regents the ability to move funds between campuses, as needs change. All of these campus budgets are combined on pages E-15 to E-16. The research and public service agencies (such as Agricultural Experiment Station and Forestry and Conservation Experiment Station) are budgeted individually. Each of these agencies is displayed on a separate page.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
Operating Expenses	6,181	0	0	6,181	0	0	6,181
Transfers	116,377,419	5,353,687	5,236,221	126,967,327	5,185,675	5,640,739	127,203,833
<b>Total Costs</b>	<b>\$116,383,600</b>	<b>\$5,353,687</b>	<b>\$5,236,221</b>	<b>\$126,973,508</b>	<b>\$5,185,675</b>	<b>\$5,640,739</b>	<b>\$127,210,014</b>
General Fund	101,927,624	19,136,799	(9,954,251)	111,110,172	18,968,888	(10,217,298)	110,679,214
State/Other Special	14,455,976	(13,783,112)	15,190,472	15,863,336	(13,783,213)	15,858,037	16,530,800
<b>Total Funds</b>	<b>\$116,383,600</b>	<b>\$5,353,687</b>	<b>\$5,236,221</b>	<b>\$126,973,508</b>	<b>\$5,185,675</b>	<b>\$5,640,739</b>	<b>\$127,210,014</b>

**COMMISSIONER OF HIGHER ED  
APPROPRIATION DISTRIBUTION - EDUCATIONAL UNITS**

**5102  
09**

The previous table reflects only expenditures of general fund and six mill levy funds which, for accounting purposes, are transfers from the Office of the Commissioner of Higher Education (OCHE) to all campuses, colleges, and agencies of the Montana university system (MUS). The total expenditures, which include tuition, federal funds and other general operating revenue, are recorded in higher education funds (current unrestricted) shown on page E-8.

**EDUCATIONAL UNITS (other than the Community Colleges)**

University of Montana	Montana State University
Main Campus Missoula	Main Campus Bozeman
Montana Tech of the University of MT	Montana State University Billings
Western Montana College of the UM	Montana State University Northern
College of Technology Helena	College of Technology Great Falls

**Program Description** – This is the budget of the primary educational units of the Montana University System.

**Statutory authority** – Title 20, MCA

**Executive Budget Recommendation -**

- The budget for the eight campuses is recommended to be a combined budget. Since the 1995 session, the educational unit budgets have been appropriated to the Board of Regents in one appropriation for allocation among the various units.
- The six-mill levy is recommended to be passed by the legislature. Total collections from the six-mill levy are expected to be \$30.3 million in the 2001 biennium.

**Program indicators –**

	Actual FY96	Actual FY97	Actual FY98	Estimated FY99	Requested FY00	Requested FY01
Resident Enrollments-FTE	23,562	24,020	24,324	24,373	24,623	24,873
Credit by Examination	3,847	3,822	4,660	4,800	4,900	5,000
Electronically Delivered Courses	*	*	65	80	100	150
Average Credits at Graduation	151**	*	145	144	143	142

\* Data Unavailable

\*\* FY94 Data

**COMMISSIONER OF HIGHER ED  
APPROPRIATION DISTRIBUTION - EDUCATIONAL UNITS**

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09**

<b>Educational Units</b>	<b>Base Budget 1998</b>	<b>PL Base Adjustment 2000</b>	<b>New Proposals 2000</b>	<b>Total Budget 2000</b>	<b>PL Base Adjustment 2001</b>	<b>New Proposals 2001</b>	<b>Total Budget 2001</b>
Total transfers							
COT Great Falls	2,315,117	145,447	2,378	2,462,942	107,042	4,851	2,427,010
COT Helena	1,776,106	66,043	1,546	1,843,695	32,052	3,276	1,811,434
UM - Missoula	30,858,105	1,089,814	37,890	31,985,809	1,011,024	78,134	31,947,263
MSU - Bozeman	35,224,221	1,211,729	61,926	36,497,876	1,095,943	127,731	36,447,895
MT Tech - UM	8,698,096	338,002	14,149	9,050,247	256,457	29,103	8,983,656
MSU - Billings	12,598,940	479,633	29,406	13,107,979	388,849	60,654	13,048,443
MSU - Northern	6,100,334	194,780	18,445	6,313,559	137,771	37,627	6,275,732
Western - UM	3,985,571	122,371	7,553	4,115,495	77,059	15,371	4,078,001
Enrollment growth		549,116		549,116	1,008,242		1,008,242
Quality investments oto			1,500,000	1,500,000		1,500,000	1,500,000
Research match oto			1,927,328	1,927,328		2,102,792	2,102,792
Distributed learning	218,032	(18,032)		200,000	(18,032)		200,000
Family Practice Residency	200,000		45,600	245,600		91,200	291,200
<b>Total</b>	<b>101,974,522</b>	<b>4,178,903</b>	<b>3,646,221</b>	<b>109,799,646</b>	<b>4,096,407</b>	<b>4,050,739</b>	<b>110,121,668</b>
<b>Funding</b>							
General fund	87,944,522	18,192,039	(11,544,251)	94,592,310	18,109,644	(11,807,298)	94,246,868
Six mill levy	14,030,000	(14,013,136)	14,863,144	14,880,008	(14,013,237)	15,355,245	15,372,008
Other state special			327,328	327,328		502,792	502,792
<b>Total</b>	<b>101,974,522</b>	<b>4,178,903</b>	<b>3,646,221</b>	<b>109,799,646</b>	<b>4,096,407</b>	<b>4,050,739</b>	<b>110,121,668</b>

**Significant Present Law Adjustments –**

- Fee Waivers – \$0.67 million in increased costs associated with new students and the increase in tuition between FY 1998 and FY 1999.
- New building space – \$1.10 million in increased costs in base budgets to account for the increased cost of operating the new space approved by previous legislatures.
- Enrollment – \$1.56 million increased cost as resident student enrollment at the educational units is expected to increase by approximately 250 students per year over the next 2 years.
- Annualize standard fixed costs – \$4.95 million for annualizing fixed costs and state approved pay plan.

**New Proposals –**

- Quality investments – one-time investment of \$3 million general fund needed to improve educational quality in two areas:
  - (1) Technology to improve the quality of on-campus learning to ensure students are prepared for the workplace with job skills to be competitive and productive citizens in Montana's economy; and
  - (2) Library resources and rapid expansion in the provision of electronic access to information resources and databases.
- Fee Waivers - \$.53 million increase resulting from an estimated 4% annual tuition increase.
- Research matching money – \$3.2 million general fund and \$.8 million state special to match federal research grants. This research investment will be used to put more effort into converting successful research projects to commercial applications.
- Montana Family Practice Residency (MFPR) – Montana provides state support for this program through Montana State University transfers. MFPR allows family practice medical doctors to complete their residency in Montana with the goal of attracting residents to establish their practices in Montana. This new proposal increases the state support for this program as it adds components to the program necessary for its overall success in attracting family physicians to establish practices in Montana. Components needed: a western Montana training site and rotations in other locations in specialty medical areas.

AGRICULTURAL EXPERIMENT STATION

Agricultural Experiment Station  
 Stuart Knapp 994-3681

**Mission Statement** - To conduct research relating to agriculture, natural resources and rural life, and to diffuse the information acquired among the people of Montana. The Agricultural Experiment Station is the agricultural research component of the land grant university's tri-partite mission of teaching, research and service.

**Statutory Authority** - 20-25-222, 20-25-225 through 20-25-236, MCA

**Program Description** - The Montana Agricultural Experiment Station (AES) Research Program includes 12 academic departments, service divisions, and laboratories located at Bozeman and seven Agricultural Research Centers located around the state. Research is also conducted using the land and facilities of private Montana farmers and ranchers. Research projects relating to agricultural activities and other uses of natural resources are undertaken to:

- 1) Enhance knowledge of the social, environmental, and economic impacts of agricultural production activities and policies;
- 2) Make research findings relevant and useful in their applications to the problems and choices facing the state; and
- 3) Disseminate research findings to other scientists and private citizens.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	215.34	.00	.00	215.34	.00	.00	215.34
Transfers	8,088,136	551,749	1,500,000	10,139,885	472,870	1,500,000	10,061,006
<b>Total Costs</b>	<b>\$8,088,136</b>	<b>\$551,749</b>	<b>\$1,500,000</b>	<b>\$10,139,885</b>	<b>\$472,870</b>	<b>\$1,500,000</b>	<b>\$10,061,006</b>
General Fund	8,088,136	551,749	1,500,000	10,139,885	472,870	1,500,000	10,061,006
<b>Total Funds</b>	<b>\$8,088,136</b>	<b>\$551,749</b>	<b>\$1,500,000</b>	<b>\$10,139,885</b>	<b>\$472,870</b>	<b>\$1,500,000</b>	<b>\$10,061,006</b>

**New Proposals -**

- Expand agricultural research by \$3 million one-time. This proposal is a portion of the Vision 2005 project, with the goal to double the economic value of Montana's agriculture.

Note: This table displays transfers from the Office of the Commissioner of Higher Education to the Agricultural Experiment Station only. For the total current unrestricted or general operating budget see page E-8.

EXTENSION SERVICE

Montana Extension Service  
 David Bryant 994-4371

**Mission Statement** - The Montana State University Extension Service is an education resource dedicated to improving people's lives by providing research-based knowledge to strengthen the social, economic, and environmental well-being of families, communities, and agricultural enterprises.

**Statutory Authority** - 20-25-235, MCA

**Program Description** - The Montana Extension Service (MES) was established in 1914 as a result of the federal Smith-Lever Act. The MES mission is disseminating and encouraging practical use of research about agricultural production and marketing, human resource development, and family and consumer sciences. It serves 53 of the 56 counties through 49 county extension offices. Two additional counties (Petroleum and Wheatland) contract for some services with neighboring counties. (Meagher County currently has no services). The MES has its main operations housed on the MSU-Bozeman campus. Materials for its educational efforts are developed: 1) by Extension Service, Agricultural Experiment Station, and other MSU faculty; and 2) from research information available through faculty from other public and private universities and colleges, other state and federal agency personnel, and researchers in the private sector.

**Executive Budget Recommendation –**

- Maintain state support for the Montana Extension Service.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	104.32	.00	.00	104.32	.00	.00	104.32
Transfers	3,425,815	339,274	90,000	3,855,089	336,721	90,000	3,852,536
<b>Total Costs</b>	<b>\$3,425,815</b>	<b>\$339,274</b>	<b>\$90,000</b>	<b>\$3,855,089</b>	<b>\$336,721</b>	<b>\$90,000</b>	<b>\$3,852,536</b>
General Fund	3,425,815	339,274	90,000	3,855,089	336,721	90,000	3,852,536
<b>Total Funds</b>	<b>\$3,425,815</b>	<b>\$339,274</b>	<b>\$90,000</b>	<b>\$3,855,089</b>	<b>\$336,721</b>	<b>\$90,000</b>	<b>\$3,852,536</b>

**New Proposals –**

- \$180,000 general fund one time only for new position focused on technology transfer from research to application for economic development of Montana as described in the Vision 2005 project.

Note: This table displays transfers from the Office of the Commissioner of Higher Education to the Montana Extension Service only. For the total current unrestricted or general operating budget see page E-8.

**FORESTRY AND CONSERVATION EXPERIMENT STATION**

Forestry and Conservation Experiment Station  
 Perry Brown 243-5521

**Mission Statement** - to conduct research on forests and forest land resources of Montana.

**Statutory Authority** - 20-25-241 and 20-25-242, MCA

**Program Description** - The Montana Forestry and Conservation Experiment Station (FCES) was established by the legislature in 1937 as an agency devoted to the scientific investigation of natural resource problems. The station serves as the research unit of the University of Montana School of Forestry with the Dean of the School of Forestry functioning as the station director. The FCES purposes to include the study of relationships between forest and other dimensions of the environment, the discovery of ways to improve the products of forest lands, and the publication of reports about forestry research. Research is carried on at the Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state and federal agencies.

**Executive Budget Recommendation –**

- Continue the program at the base plus personal service, fixed cost, and inflation adjustments.



**COMMISSIONER OF HIGHER ED  
APPROPRIATION DISTRIBUTION - RESEARCH & PUBLIC SERVICE AGENCIES**

**5102  
09**

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	13.75	.00	.00	13.75	.00	.00	13.75
Transfers	804,431	36,283	0	840,714	35,613	0	840,044
<b>Total Costs</b>	<b>\$804,431</b>	<b>\$36,283</b>	<b>\$0</b>	<b>\$840,714</b>	<b>\$35,613</b>	<b>\$0</b>	<b>\$840,044</b>
General Fund	804,431	36,283	0	840,714	35,613	0	840,044
<b>Total Funds</b>	<b>\$804,431</b>	<b>\$36,283</b>	<b>\$0</b>	<b>\$840,714</b>	<b>\$35,613</b>	<b>\$0</b>	<b>\$840,044</b>

Note: This table displays transfers from the Office of the Commissioner of Higher Education to the Forestry and Conservation Experiment Station only. For the total current unrestricted or general operating budget see page E-8.

**BUREAU OF MINES AND GEOLOGY**

Bureau of Mines and Geology  
Marvin Miller 496-4181

**Mission Statement** - The Montana Bureau of Mines and Geology, established in 1919, is a public service agency and research department of Montana Tech of the University of Montana. It is the only earth science research agency in Montana State Government, and is responsible for assisting in the orderly development of the States mineral, energy and ground water resources. The agency gathers, field-tests, analyzes, catalogs and disseminates mineral, energy and ground water information.

**Statutory Authority** - 20-25-212, MCA

**Executive Budget Recommendation** -

- Continue the program at the base plus personal service, fixed cost, and inflation adjustments.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	33.76	.00	.00	33.76	.00	.00	33.76
Transfers	1,817,082	231,868	0	2,048,950	229,275	0	2,046,357
<b>Total Costs</b>	<b>\$1,817,082</b>	<b>\$231,868</b>	<b>\$0</b>	<b>\$2,048,950</b>	<b>\$229,275</b>	<b>\$0</b>	<b>\$2,046,357</b>
General fund	1,391,106	1,844	0	1,392,950	(749)	0	1,390,357
State/Other Special	425,976	230,024	0	656,000	230,024	0	656,000
<b>Total Funds</b>	<b>\$1,817,082</b>	<b>\$231,868</b>	<b>\$0</b>	<b>\$2,048,950</b>	<b>\$229,275</b>	<b>\$0</b>	<b>\$2,046,357</b>

Note: This table displays transfers from the Office of the Commissioner of Higher Education to the Bureau of Mines and Geology only. For the total current unrestricted or general operating budget see page E-8.

FIRE SERVICES TRAINING SCHOOL

Fire Services Training School  
Butch Weedon 771-4336

**Mission Statement** - To develop the capacity of local governments for the protection of citizens, their property and the tax base, from the harm caused by unwanted fire, injury accidents, release of hazardous materials, and other emergencies.

**Statutory Authority** - 20-31-102 and 103, MCA

**Program Description** - The Fire Services Training School (FSTS) is an educational outreach program serving fire fighters who protect Montana communities. The office is housed in the COT - GF, but the primary means of service delivery is through the use of trainers assigned strategically around the state. These trainers travel to communities in their region and provide hands on training, utilizing local apparatus, scenarios, and props. Additionally, the agency offers technical seminars, develops curriculum, offers professional qualification certification, publishes news and information, and operates a centralized library that supports local fire services. The agency serves all of Montana's 9,632 fire service members, 96% of which are volunteers.

**Executive Budget Recommendation** - -

- Continue the program at the base plus personal service, fixed cost, and inflation adjustments.

**Program Indicators**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Fire Departments Impacted by FSTS	unk	unk	175	175	175	175
Fire Departments Significantly impacted By FSTS	58	58	58	58	58	58

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	5.10	.00	.00	5.10	.00	.00	5.10
Transfers	273,614	15,610	0	289,224	14,789	0	289,224
<b>Total Costs</b>	<b>\$273,614</b>	<b>\$15,610</b>	<b>\$0</b>	<b>\$289,224</b>	<b>\$14,789</b>	<b>\$0</b>	<b>\$289,224</b>
Current Unrestricted	273,614	15,610	0	289,224	14,789	0	289,224
<b>Total Funds</b>	<b>\$273,614</b>	<b>\$15,610</b>	<b>\$0</b>	<b>\$289,224</b>	<b>\$14,789</b>	<b>\$0</b>	<b>\$289,224</b>

Note: This table displays transfers from the Office of the Commissioner of Higher Education to the Fire Services Training School only. For the total current unrestricted or general operating budget see page E-8.

12 Guaranteed Student Loan Program  
Arlene Hannawalt x0351

**Program Description** – Guaranteed Student Loan (GSL) operates under federal regulation to guarantee federal student loans. GSL purchases and services student loans that have been defaulted, works to prevent default, collects outstanding principle from defaulted loans and provides training and technical assistance to schools and lenders.

**Statutory Authority** - Title 20 Chapter 26 of the MCA

**Executive Budget Recommendation** - continue the program at base plus personal services, fixed costs, and inflation adjustments. Allow increases in appropriation authority consistent with Legislative Audit recommendations and increases in loan volume.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	44.65	.00	4.00	48.65	.00	4.00	48.65
Personal Services	1,235,735	105,314	125,938	1,466,987	99,078	125,014	1,459,827
Operating Expenses	2,378,121	900	480,000	2,859,021	41	550,000	2,928,162
Equipment	25,455	0	0	25,455	0	0	25,455
Benefits & Claims	0	0	23,900,127	23,900,127	0	25,095,133	25,095,133
Debt Service	4,061	0	0	4,061	0	0	4,061
<b>Total Costs</b>	<b>\$3,643,372</b>	<b>\$106,214</b>	<b>\$24,506,065</b>	<b>\$28,255,651</b>	<b>\$99,119</b>	<b>\$25,770,147</b>	<b>\$29,512,638</b>
Federal Special	3,643,372	106,214	24,506,065	28,255,651	99,119	25,770,147	29,512,638
<b>Total Funds</b>	<b>\$3,643,372</b>	<b>\$106,214</b>	<b>\$24,506,065</b>	<b>\$28,255,651</b>	<b>\$99,119</b>	<b>\$25,770,147</b>	<b>\$29,512,638</b>

**New Proposals -**

- Add \$49 million expenditure authority to implement a change in accounting practice as recommended by the Office of the Legislative Auditor and the State Accounting Division. Previously, the Guaranteed Student Loan Program recorded loans purchased from lenders as a receivable due from the Federal Government. GSL will now record them as expenditures.
- Add 4.00 FTE in order to provide improved services. Also, additional operating expenses will occur because of increase in the volume of loan activity.

**BOARD OF REGENTS-ADMINISTRATION**

13 Board of Regents  
Pat Davison 248-1700

**Program Description** - The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System.

**Statutory Authority** - Article X, Section 9 of the Montana Constitution and 20-25-301, MCA

**Executive Budget Recommendation** –

- Continue the level expenditure of the base year and add a new grant to be distributed by the Board of Education for partnerships in education.

**COMMISSIONER OF HIGHER ED  
B OF R BOND PAYMENTS**

**5102  
14**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Personal Services	12,100	0	0	12,100	0	0	12,100
Operating Expenses	31,724	1	50,000	81,725	1	50,000	81,725
<b>Total Costs</b>	<b>\$43,824</b>	<b>\$1</b>	<b>\$50,000</b>	<b>\$93,825</b>	<b>\$1</b>	<b>\$50,000</b>	<b>\$93,825</b>
General Fund	43,824	1	50,000	93,825	1	50,000	93,825
<b>Total Funds</b>	<b>\$43,824</b>	<b>\$1</b>	<b>\$50,000</b>	<b>\$93,825</b>	<b>\$1</b>	<b>\$50,000</b>	<b>\$93,825</b>

**New Proposals –**

- Partnerships in Education: allow the Board of Education to award \$100,000 of general fund grants to improve coordination between K-12 and the MUS. Funded projects will seek to improve instruction at all levels, improve articulation, create faculty exchanges and mentorships, and develop strategies for collaboration between schools and post-secondary institutions that will improve education for all Montanans.

**BOARD OF REGENTS BOND PAYMENTS**

**14 Board of Regents Bond Payments**  
Laurie Neils x0320

**Program Description -** This program paid the bond payments for the vocational technical college campus remaining after the campuses were assumed by the state. The final bond payments will be made in fiscal year 1999.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	.00	.00	.00	.00	.00	.00	.00
Debt Service	95,095	(95,095)	0	0	(95,095)	0	0
<b>Total Costs</b>	<b>\$95,095</b>	<b>(\$95,095)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$95,095)</b>	<b>\$0</b>	<b>\$0</b>
General Fund	95,095	(95,095)	0	0	(95,095)	0	0
<b>Total Funds</b>	<b>\$95,095</b>	<b>(\$95,095)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$95,095)</b>	<b>\$0</b>	<b>\$0</b>

**Significant Present Law Adjustments -**

- The term of the remaining bond payment is up and no further payments are required.

5113 School for Deaf & Blind  
John Kinna 771-6000

01 Administration

02 General Services

03 Student Services

04 Education

**Mission Statement** - To provide to deaf children and blind children in the State of Montana a quality comprehensive education that will provide the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance, and leadership to (1) to parents of deaf and/or blind children not yet enrolled in an educational program, (2) to public schools in the state having deaf and/or blind children enrolled, and (3) to organizations and individuals concerned with the provision of services to these children.

**Statutory Authority** - Title 20, Chapter 8, part 1, MCA.

**Executive Budget Recommendation -**

- Purchase audiological trainers-OTO

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	81.68	.00	.00	81.68	.00	.00	81.68
Personal Services	2,810,724	145,900	0	2,956,624	138,955	0	2,949,679
Operating Expenses	407,386	135,075	3,358	545,819	13,059	3,176	423,621
Equipment	44,074	1,904	0	45,978	1,904	0	45,978
Capital Outlay	12,879	0	0	12,879	0	0	12,879
<b>Total Costs</b>	<b>\$3,275,063</b>	<b>\$282,879</b>	<b>\$3,358</b>	<b>\$3,561,300</b>	<b>\$153,918</b>	<b>\$3,176</b>	<b>\$3,432,157</b>
General Fund	2,961,213	287,267	3,358	3,251,838	158,306	3,176	3,122,695
State/Other Special	238,189	(10,121)	0	228,068	(10,121)	0	228,068
Federal Special	75,661	5,733	0	81,394	5,733	0	81,394
<b>Total Funds</b>	<b>\$3,275,063</b>	<b>\$282,879</b>	<b>\$3,358</b>	<b>\$3,561,300</b>	<b>\$153,918</b>	<b>\$3,176</b>	<b>\$3,432,157</b>

## ADMINISTRATION PROGRAM

01 Administration

**Program Description** - The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school. The superintendent is required to administer the programs and functions of the school and to prepare and submit summaries and reports as requested by the Board of Public Education in accordance with 20-8-113, MCA.

# SCHOOL FOR THE DEAF & BLIND ADMINISTRATION PROGRAM

5113  
01

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	5.00	.00	.00	5.00	.00	.00	5.00
Personal Services	203,866	1,823	0	205,689	640	0	204,506
Operating Expenses	30,317	61,149	0	91,466	35,039	0	65,356
<b>Total Costs</b>	<b>\$234,183</b>	<b>\$62,972</b>	<b>\$0</b>	<b>\$297,155</b>	<b>\$35,679</b>	<b>\$0</b>	<b>\$269,862</b>
General Fund	234,183	62,972	0	297,155	35,679	0	269,862
State/Other Special	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$234,183</b>	<b>\$62,972</b>	<b>\$0</b>	<b>\$297,155</b>	<b>\$35,679</b>	<b>\$0</b>	<b>\$269,862</b>

## GENERAL SERVICES PROGRAM

### 02 General Services

**Program Description -** The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 11 acre campus.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.00	.00	.00	4.00	.00	.00	4.00
Personal Services	93,189	15,929	0	109,118	15,457	0	108,646
Operating Expenses	183,512	5,150	0	188,662	4,792	0	188,304
Capital Outlay	11,340	0	0	11,340	0	0	11,340
<b>Total Costs</b>	<b>\$288,041</b>	<b>\$21,079</b>	<b>\$0</b>	<b>\$309,120</b>	<b>\$20,249</b>	<b>\$0</b>	<b>\$308,290</b>
General Fund	288,041	21,079	0	309,120	20,249	0	308,290
<b>Total Funds</b>	<b>\$288,041</b>	<b>\$21,079</b>	<b>\$0</b>	<b>\$309,120</b>	<b>\$20,249</b>	<b>\$0</b>	<b>\$308,290</b>

## STUDENT SERVICES

### 03 Student Services

**Program Description -** The Student Services Program provides accommodations for students attending MSDB from outside of Great Falls. Child care and supervision, infirmity services, food preparation, recreation, and independent living skills training are services provided to students in this program. In FY 1998 students in residence in the cottage complex varied from 38 to 40 students.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	29.74	.00	.00	29.74	.00	.00	29.74
Personal Services	736,184	72,857	0	809,041	68,612	0	804,796
Operating Expenses	97,084	(12,550)	3,358	87,892	(12,546)	3,176	87,714
Equipment	45,978	0	0	45,978	0	0	45,978
Capital Outlay	1,539	0	0	1,539	0	0	1,539
Total Costs	\$880,785	\$60,307	\$3,358	\$944,450	\$56,066	\$3,176	\$940,027
General Fund	856,141	60,307	3,358	919,806	56,066	3,176	915,383
Federal Special	24,644	0	0	24,644	0	0	24,644
Total Funds	\$880,785	\$60,307	\$3,358	\$944,450	\$56,066	\$3,176	\$940,027

New Proposals -

- Add leased vehicle for infirmery and outreach consultant use

EDUCATION

04 Education

**Program Description -** The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves deaf children and blind children who remain in their local school districts by providing technical assistance and support services to the students' local schools. Additionally, early intervention services are provided to preschool aged deaf children and blind children in their home. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system. In FY 1998 the school served 83 students on its campus and 210 students in their local schools.

Program Indicators -

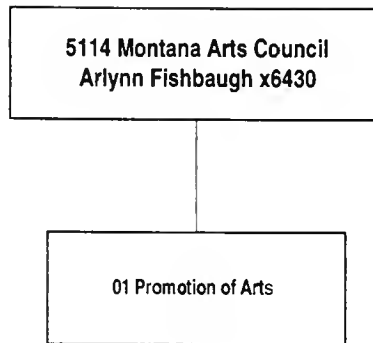
Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of Students Served:						
Deaf/Hard of Hearing	73	64	62	64	64	64
Blind/Low Vision	19	20	23	26	26	26
Outreach Program	180	287	345	345	345	345

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	42.94	.00	.00	42.94	.00	.00	42.94
Personal Services	1,777,485	55,291	0	1,832,776	54,246	0	1,831,731
Operating Expenses	96,473	81,326	0	177,799	(14,226)	0	82,247
Equipment	(1,904)	1,904	0	0	1,904	0	0
<b>Total Costs</b>	<b>\$1,872,054</b>	<b>\$138,521</b>	<b>\$0</b>	<b>\$2,010,575</b>	<b>\$41,924</b>	<b>\$0</b>	<b>\$1,913,978</b>
General Fund	1,582,848	142,909	0	1,725,757	46,312	0	1,629,160
State/Other Special	238,189	(10,121)	0	228,068	(10,121)	0	228,068
Federal Special	51,017	5,733	0	56,750	5,733	0	56,750
<b>Total Funds</b>	<b>\$1,872,054</b>	<b>\$138,521</b>	<b>\$0</b>	<b>\$2,010,575</b>	<b>\$41,924</b>	<b>\$0</b>	<b>\$1,913,978</b>

**Significant Present Law Adjustments -**

- Purchase audiological trainers-OTO





**Mission Statement** - To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.

**Statutory Authority** - 22-2-101-109, MCA.

**Program Description** - The Montana Arts Council (council) cooperates with public and private institutions engaged in artistic and cultural activities. The council: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through ongoing programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature.

**Program Indicators -**

Indicator	Actual-Budgeted 1999 Biennium	Estimated 2001 Biennium
Stable grant funding to organizations	\$812,000	\$712,000
State of the Arts newsletter subscribers	5,500/yr	6,000/yr
Arts Education residencies And students reached	265 weeks 40,000	400 weeks 60,000

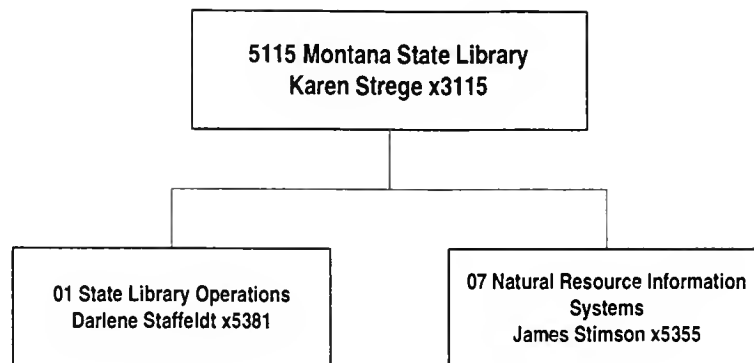
Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	8.00	(1.00)	.00	7.00	(1.00)	.00	7.00
Personal Services	197,880	86,478	0	284,358	84,795	0	282,675
Operating Expenses	237,454	(26,167)	0	211,287	(51,217)	0	186,237
Equipment	5,519	(5,519)	0	0	(5,519)	0	0
Grants	305,447	33,886	100,000	439,333	33,679	100,000	439,126
<b>Total Costs</b>	<b>\$746,300</b>	<b>\$88,678</b>	<b>\$100,000</b>	<b>\$934,978</b>	<b>\$61,738</b>	<b>\$100,000</b>	<b>\$908,038</b>
General Fund	241,069	34,902	50,000	325,971	20,778	50,000	311,847
State/Other Special	116,979	15,485	0	132,464	12,448	0	129,427
Federal Special	388,252	38,291	50,000	476,543	28,512	50,000	466,764
<b>Total Funds</b>	<b>\$746,300</b>	<b>\$88,678</b>	<b>\$100,000</b>	<b>\$934,978</b>	<b>\$61,738</b>	<b>\$100,000</b>	<b>\$908,038</b>

**New Proposals -**

- Add an after-school arts program for at-risk youth

**Language Recommendations-** The following HB2 language is recommended:

- "The \$50,000 general fund appropriation in item 1 is one-time pass-through funds for grants to local communities which have formed a coalition that includes law enforcement, education, public health and human service representatives working cooperatively with arts organizations to provide an after-school arts program for at-risk youth. Grants to these local coalitions must be matched at least dollar-for-dollar with funds from any other sources raised by the coalition receiving the grant. The Montana arts council will provide a report on local coalitions and after-school arts programs to the office of budget and program planning at the end of fiscal year 2000 so that an assessment can be made regarding continuation of the grants program in the 2003 biennium."
- "All federal funds in item 1 are biennial appropriations"



**Mission Statement** - The Montana State Library is committed to providing quality information services to state employees, fostering excellent public libraries and cooperative library services among all types of libraries, collecting and distributing comprehensive and accurate natural resource information, and helping citizens unable to read printed text find suitable materials.

**Statutory Authority** - Title 22, Chapter 1 and Title 90, Chapter 15, MCA.

**Executive Recommended Legislation -**

- Allow for the establishment of public library districts

**Executive Budget Recommendation -**

- Purchase a statewide periodical electronic database license

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	28.50	1.40	.00	29.90	1.40	.00	29.90
Personal Services	1,009,713	25,273	0	1,034,986	19,702	0	1,029,415
Operating Expenses	812,769	67,976	200,000	1,080,745	67,987	200,000	1,080,756
Equipment	119,891	22,375	0	142,266	22,375	0	142,266
Grants	810,609	869,746	0	1,680,355	68,608	0	879,217
Transfers	0	500,000	0	500,000	0	0	0
Debt Service	49,932	(20,804)	0	29,128	(49,932)	0	0
<b>Total Costs</b>	<b>\$2,802,914</b>	<b>\$1,464,566</b>	<b>\$200,000</b>	<b>\$4,467,480</b>	<b>\$128,740</b>	<b>\$200,000</b>	<b>\$3,131,654</b>
General Fund	1,505,531	239,978	100,000	1,845,509	(32,126)	100,000	1,573,405
State/Other Special	647,348	178,739	100,000	926,087	15,017	100,000	762,365
Federal Special	650,035	1,045,849	0	1,695,884	145,849	0	795,884
<b>Total Funds</b>	<b>\$2,802,914</b>	<b>\$1,464,566</b>	<b>\$200,000</b>	<b>\$4,467,480</b>	<b>\$128,740</b>	<b>\$200,000</b>	<b>\$3,131,654</b>

**01 State Library Operations  
Darlene Staffeldt x5381**

**Program Description -** In accordance with Title 22, Chapter 1, MCA, provides services in three areas: assistance to public libraries and to other libraries in cooperative projects; information services to state employees; and to those who can not read print materials.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Consulting contacts*	3,200	3,750	6,100	7,650	8,415	9,500
Talking book circulation	154,520	135,000	148,500	163,000	175,000	180,750

\*Consulting contacts is defined as "providing information and advise to librarians, trustees, administrators, and users of Montana libraries on all aspects of providing library services to Montanans.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	24.50	.00	.00	24.50	.00	.00	24.50
Personal Services	794,727	9,163	0	803,890	5,179	0	799,906
Operating Expenses	516,777	32,413	200,000	749,190	30,801	200,000	747,578
Equipment	118,590	(241)	0	118,349	(241)	0	118,349
Grants	810,609	869,746	0	1,680,355	68,608	0	879,217
Debt Service	24,966	(10,402)	0	14,564	(24,966)	0	0
<b>Total Costs</b>	<b>\$2,265,669</b>	<b>\$900,679</b>	<b>\$200,000</b>	<b>\$3,366,348</b>	<b>\$79,381</b>	<b>\$200,000</b>	<b>\$2,545,050</b>
General Fund	1,472,711	211,080	100,000	1,783,791	(60,718)	100,000	1,511,993
State/Other Special	172,923	8,750	100,000	281,673	9,250	100,000	282,173
Federal Special	620,035	680,849	0	1,300,884	130,849	0	750,884
<b>Total Funds</b>	<b>\$2,265,669</b>	<b>\$900,679</b>	<b>\$200,000</b>	<b>\$3,366,348</b>	<b>\$79,381</b>	<b>\$200,000</b>	<b>\$2,545,050</b>

**New Proposals -**

- Purchase a statewide periodical electronic database license-OTO

**Language Recommendations -** The following HB2 language is recommended:

"Item 1 includes biennial appropriations of \$251,138 general fund and \$950,000 federal funds for grants to local libraries."

**NATURAL RESOURCE INFORMATION SYSTEMS**

**07 Natural Resource Information  
Systems  
James Stimson x5355**

**Program Description -** In accordance with Title 90, Chapter 15, MCA, provides a system for the acquisition, storage, retrieval, and management of the state's natural resource data. The program also administers the Montana natural heritage program, a database of rare or exemplary flora and fauna.

# LIBRARY COMMISSION NATURAL RESOURCE INFO SYSTEM

5115  
07

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Clearinghouse activities- Mediated requests*	2,180	2,500	2,658	2,900	3,100	3,300
Interagency Data Coordination Support**	4	5	6	6	6	6

\*Estimated leveling in the number of mediated requests in FY 1999 through FY 2001 are due to increased web-based services. Non-mediated (via the Internet) average daily request target: 10,000.

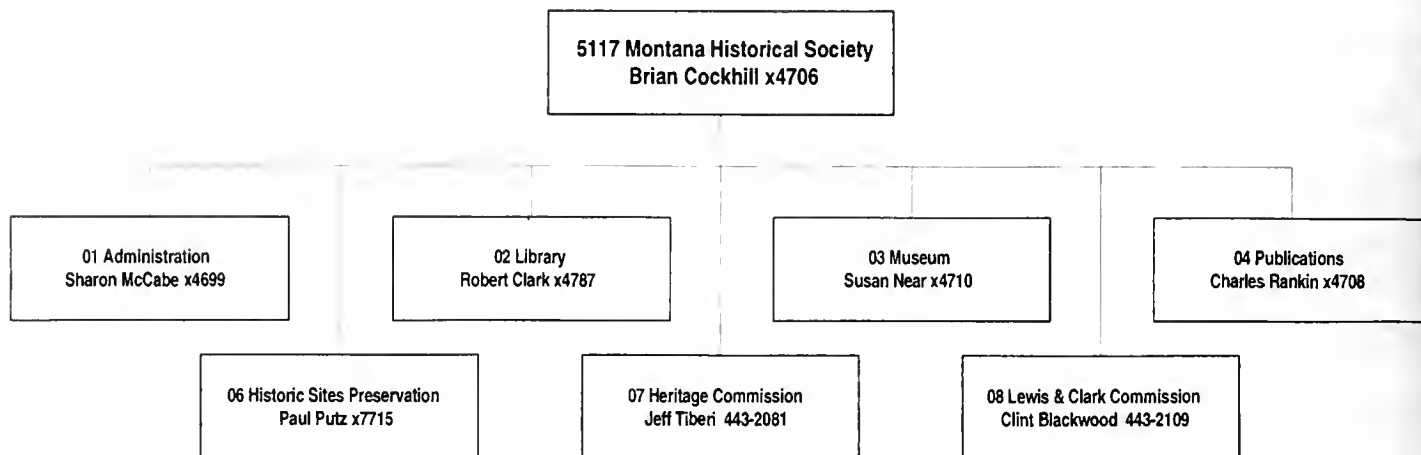
\*\*Number of coordination committees NRIS staff participate in and monitor.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	4.00	1.40	.00	5.40	1.40	.00	5.40
Personal Services	214,986	16,110	0	231,096	14,523	0	229,509
Operating Expenses	295,992	35,563	0	331,555	37,186	0	333,178
Equipment	1,301	22,616	0	23,917	22,616	0	23,917
Transfers	0	500,000	0	500,000	0	0	0
Debt Service	24,966	(10,402)	0	14,564	(24,966)	0	0
<b>Total Costs</b>	<b>\$537,245</b>	<b>\$563,887</b>	<b>\$0</b>	<b>\$1,101,132</b>	<b>\$49,359</b>	<b>\$0</b>	<b>\$586,604</b>
General Fund	32,820	28,898	0	61,718	28,592	0	61,412
State/Other Special	474,425	169,989	0	644,414	5,767	0	480,192
Federal Special	30,000	365,000	0	395,000	15,000	0	45,000
<b>Total Funds</b>	<b>\$537,245</b>	<b>\$563,887</b>	<b>\$0</b>	<b>\$1,101,132</b>	<b>\$49,359</b>	<b>\$0</b>	<b>\$586,604</b>

**Language Recommendations** - The following HB2 language is recommended:

"Item 2 includes \$500,000 for legislative contract authority, a biennial appropriation, subject to the following provisions:

- 1) Legislative contract authority applies only to state special revenue funds received from the Montana university system, federal funds, and private funds.
- 2) Legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations.
- 3) A report must be submitted by the Montana state library commission to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures for each project."



**Mission Statement** - To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting--for its citizens and for all others--the use, understanding, appreciation, and enjoyment of those resources.

**Statutory Authority** - Title 22, Chapter 3, MCA.

**Executive Budget Recommendation -**

- Agency wide computer replacement
- The Montana Heritage Preservation and Development Commission, required by 22-3-1003, MCA, will distribute a report to the Governor and the Legislature detailing the activities of the commission.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	51.13	1.00	4.00	56.13	1.00	4.00	56.13
Personal Services	1,811,264	62,374	123,451	1,997,089	54,631	122,529	1,988,424
Operating Expenses	932,760	142,695	37,612	1,113,067	103,118	49,000	1,084,878
Equipment	12,156	30,600	25,608	68,364	23,100	0	35,256
Grants	81,028	20,000	0	101,028	20,000	0	101,028
Transfers	53,877	0	0	53,877	0	0	53,877
<b>Total Costs</b>	<b>\$2,891,085</b>	<b>\$255,669</b>	<b>\$186,671</b>	<b>\$3,333,425</b>	<b>\$200,849</b>	<b>\$171,529</b>	<b>\$3,263,463</b>
General Fund	1,484,154	148,472	131,999	1,764,625	120,259	122,871	1,727,284
State/Other Special	197,740	11,133	26,917	235,790	8,922	26,645	233,307
Federal Special	491,813	37,695	0	529,508	29,686	0	521,499
Proprietary	717,378	58,369	27,755	803,502	41,982	22,013	781,373
<b>Total Funds</b>	<b>\$2,891,085</b>	<b>\$255,669</b>	<b>\$186,671</b>	<b>\$3,333,425</b>	<b>\$200,849</b>	<b>\$171,529</b>	<b>\$3,263,463</b>

01 Administration  
Sharon McCabe x4699

**Program Description -** The Administration Program provides administration, supervision, and coordination of the seven programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include supervision of the programs, public information, personnel, fund raising, financial reporting, business management, security, and building management. In addition the program provides the fundraising specifically for the Education and Public Information functions. The society is required by state law to operate an Administration Program.

**Program Indicators –**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Visitors to the Society	83,946	91,159	77,765	82,000	80,000	82,000
Special Members	1,289	1,210	1,277	1,280	1,280	1,280

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	14.50	.00	1.00	15.50	.00	1.00	15.50
Personal Services	489,979	34,167	52,335	576,481	32,380	51,911	574,270
Operating Expenses	378,684	66,292	0	444,976	53,991	0	432,675
Equipment	0	0	20,000	20,000	0	0	0
<b>Total Costs</b>	<b>\$868,663</b>	<b>\$100,459</b>	<b>\$72,335</b>	<b>\$1,041,457</b>	<b>\$86,371</b>	<b>\$51,911</b>	<b>\$1,006,945</b>
General Fund	640,113	89,803	66,168	796,084	78,302	45,955	764,370
State/Other Special	176,034	7,272	6,167	189,473	5,121	5,956	187,111
Federal Special	52,516	3,384	0	55,900	2,948	0	55,464
<b>Total Funds</b>	<b>\$868,663</b>	<b>\$100,459</b>	<b>\$72,335</b>	<b>\$1,041,457</b>	<b>\$86,371</b>	<b>\$51,911</b>	<b>\$1,006,945</b>

**New Proposals -**

- Add Historical Projects Coordinator
- Purchase Security Equipment-OTO
- Original Governor's Mansion maintenance funding shift

**LIBRARY PROGRAM**

02 Library  
Robert Clark x4787

**Program Description -** The Montana Historical Society is required to operate an Historical Library according to 22-3-103, MCA, and a State Archives according to 22-3-202, MCA. The Library Program, consisting of the library and archives functions, acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs, and oral history, illustrative of the history of Montana, the surrounding region, and the trans-Mississippi West. The library includes the nation's most complete collection of Montana territorial and state newspapers.

# HISTORICAL SOCIETY LIBRARY PROGRAM

5117  
02

## Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of published items and photographs acquired	8,500	6,600	9,500	8,700	8,800	8,900
Linear feet of manuscripts and state records acquired	1,600	1,900	600	700	700	800
Reference service patrons*	16,070	16,240	17,380	17,400	17,610	18,020

\*Includes registrants in research rooms, interlibrary loan requests filled, photographic prints produced, telephone, letters, E-mail and fax inquiries.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	13.75	.00	.00	13.75	.00	.00	13.75
Personal Services	467,644	13,945	0	481,589	11,413	0	479,057
Operating Expenses	88,651	21,640	13,612	123,903	14,067	25,000	127,718
Equipment	12,156	9,600	5,608	27,364	2,100	0	14,256
<b>Total Costs</b>	<b>\$568,451</b>	<b>\$45,185</b>	<b>\$19,220</b>	<b>\$632,856</b>	<b>\$27,580</b>	<b>\$25,000</b>	<b>\$621,031</b>
General Fund	513,075	33,253	13,612	559,940	23,199	25,000	561,274
State/Other Special	3,229	1,060	0	4,289	1,060	0	4,289
Proprietary	52,147	10,872	5,608	68,627	3,321	0	55,468
<b>Total Funds</b>	<b>\$568,451</b>	<b>\$45,185</b>	<b>\$19,220</b>	<b>\$632,856</b>	<b>\$27,580</b>	<b>\$25,000</b>	<b>\$621,031</b>

## Significant Present Law Adjustments -

- Computer replacement and network wiring

## New Proposals -

- Purchase industrial shelving-OTO
- Purchase audio tape, videotape & map cabinets using proprietary funds
- Archives storage beginning in FY 2001

# MUSEUM PROGRAM

03 Museum  
Susan Near x4710

**Program Description -** The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits and educational activities at the Veterans and Pioneers Memorial Building, the Original Governor's Mansion, the State Capitol Complex, and affiliated sites, including Virginia and Nevada cities, the Moss Mansion, and Daly Mansion. The Montana Historical Society is required by state law to operate the Museum Program in accordance with 3-22-3-103(2), MCA, which states, "The historical library and any historical museum administered by the society in accordance with the provision of this part shall be independent of any other library, museum, or gallery owned, maintained, or operated by the state of Montana."

## Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Number of exhibits*	24	26	26	28	26	27
Number of participants in educational programs**	42,829	49,157	42,396	50,000	38,000	50,000



# HISTORICAL SOCIETY MUSEUM PROGRAM

5117  
03

\*The number of permanent, rotating, offsite, and traveling exhibits owned by the society.

\*\*This consists of school tours, capitol tours, Original Governor's Mansion tours, lectures, seminars, and workshops.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	6.50	.00	1.00	7.50	.00	1.00	7.50
Personal Services	247,995	(3,820)	31,898	276,073	(4,656)	31,651	274,990
Operating Expenses	42,820	18,062	0	60,882	12,858	0	55,678
<b>Total Costs</b>	<b>\$290,815</b>	<b>\$14,242</b>	<b>\$31,898</b>	<b>\$336,955</b>	<b>\$8,202</b>	<b>\$31,651</b>	<b>\$330,668</b>
General Fund	257,330	17,432	31,898	306,660	11,438	31,651	300,419
State/Other Special	18,477	2,801	0	21,278	2,741	0	21,218
Federal Special	5,918	(5,918)	0	0	(5,918)	0	0
Proprietary	9,090	(73)	0	9,017	(59)	0	9,031
<b>Total Funds</b>	<b>\$290,815</b>	<b>\$14,242</b>	<b>\$31,898</b>	<b>\$336,955</b>	<b>\$8,202</b>	<b>\$31,651</b>	<b>\$330,668</b>

## Significant Present Law Adjustments -

- Computer replacement & network wiring

## New Proposals -

- Add Curator-OTO

## PUBLICATIONS

04 Publications  
Charles Rankin x4708

**Program Description** - The Publications Program promotes the study of Montana history through lectures and publications. The program publishes quarterly editions of Montana, The Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the retail and mail order museum store. The Montana Historical Society is required by state law to operate the Publications Program in accordance with 22-3-107, MCA, which states in part, "(14) to collect and preserve books, maps, manuscripts,

## Program Indicators -

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Subscribers to magazine	7,181	7,739	7,341	7,420	7,500	7,650
Number of books published by the Society press	3	4	5	5	5	5

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	9.88	.00	1.00	10.88	.00	1.00	10.88
Personal Services	305,964	16,587	22,147	344,698	15,670	22,013	343,647
Operating Expenses	350,177	9,758	0	359,935	1,823	0	352,000
Equipment	0	21,000	0	21,000	21,000	0	21,000
Transfers	53,877	0	0	53,877	0	0	53,877
<b>Total Costs</b>	<b>\$710,018</b>	<b>\$47,345</b>	<b>\$22,147</b>	<b>\$779,510</b>	<b>\$38,493</b>	<b>\$22,013</b>	<b>\$770,524</b>
General Fund	53,877	(225)	0	53,652	(227)	0	53,650
Proprietary	656,141	47,570	22,147	725,858	38,720	22,013	716,874
<b>Total Funds</b>	<b>\$710,018</b>	<b>\$47,345</b>	<b>\$22,147</b>	<b>\$779,510</b>	<b>\$38,493</b>	<b>\$22,013</b>	<b>\$770,524</b>

**Significant Present Law Adjustments -**

- Computer replacement

**New Proposals -**

- Add Virginia City sales clerks

**HISTORIC SITES PRESERVATION**

06 Historic Sites Preservation  
Paul Putz x7715

**Program Description -** The Historic Sites Preservation Program operates in accordance with Title 22, Chapter 3 part 4, MCA. The Historic Sites Preservation Program administers the federal Historic Preservation Act of 1966, as amended, and the federal grants-in-aid for historic preservation. The program encourages, promotes and assists citizens in reusing historic buildings and protecting archaeological and paleontological sites. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office develops and implements an Historic Preservation Plan for Montana, certifies historic structures and rehabilitation projects for federal tax credits authorized by the Tax Reform Act of 1976, implements the Montana State Antiquities Act, provides technical assistance for archaeological sites and historic buildings in Montana, maintains a statewide inventory of historic archaeological properties including the National Register of Historic Places, implements a historic interpretive sign program and performs educational and outreach services concerning historic buildings and archaeological sites. The program awards federal grants to local governments, private entities, and individuals in the Certified Local Government program, and survey and planning.

**Program Indicators -**

Indicator	Actual FY 1996	Actual FY1997	Actual FY1998	Estimated FY1999	Requested FY2000	Requested FY2001
Construction projects created with SHPO assistance	451	493	576	608	642	652
Newly listed properties on the National Register of Historic Places	33	23	17	20	20	20

Program Proposed Budget							
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Exec. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Exec. Budget Fiscal 2001
FTE	6.50	1.00	1.00	8.50	1.00	1.00	8.50
Personal Services	299,682	1,495	17,071	318,248	(176)	16,954	316,460
Operating Expenses	72,428	26,943	24,000	123,371	20,379	24,000	116,807
Equipment	0	0	0	0	0	0	0
Grants	81,028	20,000	0	101,028	20,000	0	101,028
<b>Total Costs</b>	<b>\$453,138</b>	<b>\$48,438</b>	<b>\$41,071</b>	<b>\$542,647</b>	<b>\$40,203</b>	<b>\$40,954</b>	<b>\$534,295</b>
General Fund	19,759	8,209	20,321	48,289	7,547	20,265	47,571
State/Other Special	0	0	20,750	20,750	0	20,689	20,689
Federal Special	433,379	40,229	0	473,608	32,656	0	466,035
<b>Total Funds</b>	<b>\$453,138</b>	<b>\$48,438</b>	<b>\$41,071</b>	<b>\$542,647</b>	<b>\$40,203</b>	<b>\$40,954</b>	<b>\$534,295</b>

**Significant Present Law Adjustments -**

- Computer replacement and network wiring

**New Proposals -**

- Antiquities database development-OTO





# LONG-RANGE PLANNING

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Long-Range Building Program  
Treasure State Endowment Program  
Oil Overcharge Funds  
State Buildings Energy Conservation

Reclamation & Development Grant Program  
Renewable Resource Grant & Loan Program  
Cultural & Aesthetic Grant Program  
Information Technology Bond Proposal

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OBPP Staff

Jane Hamman x4894



## LONG RANGE BUILDING PROGRAM

**Purpose** - The Long-Range Building Program was initiated in 1965 to provide funding for construction and maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction and maintenance of state-owned facilities. Primary statutory authority is Title 17, Chapter 7, part 2, MCA.

### Executive Recommendation -

- **Volume 2 of the Governor's 2001 biennium Executive Budget** contains the complete LRBP project applications and recommended project descriptions, which total \$142,578,530.
- **HB5** contains \$7 million LRBP, \$19,788,530 state special revenue, \$3,185,000 federal special revenue, and \$53,245,000 other funds for a total of 48 projects and \$83,218,530 in the cash bill.
- Highest priorities in the cash recommendations are safety and mechanical projects statewide.
- Completion of the State Capitol renovation project is funded with \$6 million general fund, derived from sale of utilities, and \$1 million capitol land grant revenue [both listed under other funds above].
- **HB14** recommends general obligation bonds for 11 projects, of which up to \$35 million maximum could require general fund debt service payments, less proceeds from the sale of two armories.
- Total bonded program is for \$59,360,000 including \$23.1 million in federal special revenue and \$1.2 million in other university system funds.
- General fund debt service is budgeted at \$1.962 million based on the planned design/construction schedule.
- Highest priorities in the bond recommendations are expansion of the Women's Prison and the Pine Hills Youth Correctional Facility.
- If HB14 is approved, the total LRBP debt service will be approximately \$11 million by FY 2002, compared with a high of about \$20.8 million in FY 1995.

### Language Recommendation -

The following language will be included in the introduced version of **HB14**:

- "All proceeds derived from the sale of the national guard armories located in Bozeman and Whitefish, Montana, shall be used to pay the general obligation debt service on the bonds issued for construction of the new Bozeman and Kalispell armories. The proceeds of the sale shall be deposited to the general fund for this purpose. In the event one or both of the facilities are sold prior to issuance of the bonds, then the board of examiners may determine to use all or a portion of the amount deposited to the general fund to reduce the amount of the bond issue required to finance the construction."
- "(1) The building projects for the department of corrections are presented in priority order, with the women's prison having the highest priority. Federal special revenue is available in the amount of \$6,475,000 for the women's prison, leaving a balance of \$957,215 in the federal account towards construction of the reception unit.  
(2) If the U.S. Congress does not reauthorize federal funds and the department is unable to locate federal funds after due diligence for construction of the reception unit as appropriated, then the general obligation portion of the total \$6,050,000 reception unit facility shall be increased by the amount of the federal funds shortfall.  
(3) If the fiscal year-end 2000 adult male institutional population reaches 2,944 or within 3% of the total 3,035 projected by the department, then architecture and engineering of the department of administration is authorized to proceed with construction plans and sale of the bonds up to \$5,500,000 for the 96 cell close security housing unit at Montana state prison. If the adult male institutional population does not meet this threshold during the 2001 biennium, then the bonds may not be sold and the need for this project will be reassessed by the fifty-seventh legislative assembly."

The following language will be included in the introduced version of **HB5**:

- "In the event one or both of the national guard armories located in Bozeman and Whitefish, Montana, and approved in [House Bill 14] for replacement are sold prior to construction of the new Bozeman and Kalispell armories, the proceeds of the sale that were deposited to the general fund are appropriated for replacement construction up to a maximum of \$4,400,000 and the bond authority in [House Bill 14] is reduced by a like amount."

## LONG RANGE BUILDING PROGRAM

REVENUE ESTIMATE LONG-RANGE BUILDING PROGRAM ACCOUNT 2001 BIENNIUM	
Estimated Beginning Cash Balance	\$1,705,956
<b>Revenues:</b>	
Cigarette Tax	\$4,287,000
Coal Severance Tax	7,563,000
Interest Earnings	1,135,414
Supervisory Fees	682,884
DEQ Transfer - Energy Savings	<u>347,003</u>
<b>Total Revenues</b>	<u>14,015,301</u>
<b>Funds Available</b>	15,721,257
<b>Expenditures:</b>	
Operating Costs - A & E Division	2,090,425
Debt Service - 1996D Issue	3,625,650
Debt Service - 1997B Issue	890,554
Debt Service - Balance of the Bonded Program Approved by the 54th Legislature *	<u>1,485,014</u>
<b>Total Expenditures - Excluding Capital Projects</b>	<u>(8,091,643)</u>
<b>Funds Available For Capital Projects And/Or Debt Service</b>	7,629,614
<b>Funding Proposals</b>	
Capital Construction Program - LRBP Projects Only	7,000,000
Debt Service	<u>0</u>
<b>Total Funding Proposals</b>	(7,000,000)
<b>Balance Remaining</b>	<u><u>\$629,614</u></u>
* CST portion only	

### Funding -

- Cigarette tax revenue is projected at \$4.287 million
- Coal severance tax revenue projections of \$7.563 million are \$1.684 million less than the current biennium; the number and size of HB5 projects have been reduced accordingly
- State buildings energy savings transfers by the DEQ are \$347,000 [reference page F-10 and HB12].



# LONG RANGE BUILDING PROGRAM

LONG-RANGE BUILDING PROGRAM RECOMMENDATIONS 2001 Biennium Cash & Bonded Projects						
ID#	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
<b>House Bill 5 - CASH PROGRAM</b>						
1	SPRINKLE MMHNCC, DPPHS	300,000				300,000
2	SPRINKLE LIBRARY, UM	657,000				657,000
3	STATEWIDE HEALTH AND SAFETY PROJECTS	550,000			250,000	800,000
4	VENTILATE AND UPGRADE FINE ARTS BUILDING, UM	450,000				450,000
5	HAZARDOUS MATERIAL REMEDIATION, STATEWIDE	300,000				300,000
6	BOILER UPGRADE AND VENTILATION, UM-TECH	280,000			120,000	400,000
7	MAINTAIN HVAC SYSTEMS, MSU BILLINGS AND COT BILLING	500,000				500,000
8	REPLACE STEAM DISTRIBUTION PIPING, UM WESTERN	800,000			400,000	1,200,000
9	UPGRADE BOILER CONTROLS, UM	125,000			100,000	225,000
10	ROOF REPLACEMENTS OR REPAIRS, UNIVERSITY SYSTEM	1,506,000				1,506,000
11	ROOF REPLACEMENTS OR REPAIRS, OTHER AGENCIES	396,000				396,000
12	MAINTAIN MAIN HALL EXTERIOR, UM DILLON	225,000				225,000
13	RENOVATE COWAN HALL, MSU NORTHERN	486,000				486,000
14	LINCOLN UNIT OFFICE/QUARTERS & CLEARWATER EGRESS	125,000				125,000
15	FACILITY ASSESSMENTS STATEWIDE	300,000	50,000	100,000	50,000	500,000
	Stabilization of old governors mansion					-
	Capitol Area Master Planning					-
	MSU Billings circulation					-
	COT Billings Expansion					-
	Chemistry, UM					-
	Spruce Cottage stabilization, MLEA					-
	Electrical Distribution Systems					-
	Industrial Tech Metals Building Exterior walls, WMC					-
18	CAPITOL RENOVATION				7,000,000	7,000,000
19	CONSTRUCT EQUIPMENT STORAGE BLDGS STATEWIDE, MDT		2,100,000			2,100,000
20	CONSTRUCT CORE DRILLING BUILDING, HELENA, MDT		1,000,000			1,000,000
21	STATEWIDE MINOR MAINTENANCE AND IMPROVEMENTS, MDT		1,350,000			1,350,000
22	RENOVATE HAYNES GALLERY AREA, HISTORICAL SOCIETY				1,000,000	1,000,000
23	GENERAL SPENDING AUTHORITY, UM				3,500,000	3,500,000
24	ADDITION TO PAXSON GALLERY, UM				2,500,000	2,500,000
25	CONSTRUCT NON-DENOMINATIONAL CHAPEL, UM-TECH				1,500,000	1,500,000
						-

## LONG RANGE BUILDING PROGRAM

LONG-RANGE BUILDING PROGRAM RECOMMENDATIONS 2001 Biennium Cash & Bonded Projects						
ID#	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
	<b>House Bill 5 - CASH PROGRAM</b>					
26	FORESTRY/JOURNALISM ADDITION, UM				10,000,000	10,000,000
						-
27	NATIVE AMERICAN STUDY CENTER, UM				3,500,000	3,500,000
						-
28	LIFE SCIENCES BUILDING, UM				23,000,000	23,000,000
						-
29	FEDERAL SPENDING AUTHORITY, MILITARY AFFAIRS			800,000		800,000
						-
30	WASHRACK WASTE MITIGATION STATEWIDE, MILITARY AFFAIRS			200,000		200,000
						-
31	SECONDARY CONTAINMENT STRUCTURES, MILITARY AFFAIRS			300,000		300,000
						-
32	CONSTRUCT EASTERN MONTANA VETS CEMETERY			100,000	100,000	200,000
						-
33	ADMINISTRATIVE FACILITIES REPAIRS/MAINTENANCE, FWP		829,650			829,650
						-
34	BIGHORN SHEEP, FWP		425,000			425,000
						-
35	BLUEWATER HATCHERY RENOVATIONS, FWP		200,000			200,000
						-
36	CAPITOL LANDSCAPE IRRIGATION, FWP				225,000	225,000
						-
37	CULTURAL AND HISTORIC PARKS, FWP		1,100,000			1,100,000
						-
38	FAS ACQUISITION, FWP		630,000			630,000
						-
39	FAS SITE PROTECTION, FWP		700,000			700,000
						-
40	FUTURE FISHERIES IMPROVEMENTS, FWP		1,470,000			1,470,000
						-
41	HABITAT MONTANA, FWP		4,375,000			4,375,000
						-
42	LEWIS AND CLARK BICENTENNIAL, FWP		275,000			275,000
						-
43	MOTOR BOAT RECREATION PARKS, FWP		1,355,000	825,000		2,180,000
						-
44	STATE PARKS ROADS, FWP		1,500,000			1,500,000
						-
45	STATEWIDE HATCHERY MAINTENANCE, FWP		400,000			400,000
						-
46	WATERFOWL STAMP PROGRAM, FWP		263,000			263,000
						-
47	WILDLIFE HABITAT MAINTENANCE, FWP		825,000			825,000
						-
48	CONSTRUCT SPECIAL CARE UNIT, MVH, DPHHS		463,100	860,000		1,323,100
						-
49	IMPROVE EMVH, DPHHS		290,250			290,250
						-
50	IMPROVE MVH, DHHS		187,530			187,530
						-
	<b>TOTAL HB5 CASH PROGRAM</b>	<b>7,000,000</b>	<b>19,788,530</b>	<b>3,185,000</b>	<b>53,245,000</b>	<b>83,218,530</b>

# LONG RANGE BUILDING PROGRAM

## LONG-RANGE BUILDING PROGRAM RECOMMENDATIONS 2001 Biennium Cash & Bonded Projects

ID#	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
	<b>House Bill 14 - BOND PROGRAM</b>					
51	EXPAND WOMEN'S PRISON, WCC	2,900,000		6,475,000		9,375,000
						-
52	COMPLETE PINE HILLS YOUTH CORRECTIONAL FACILITY	2,225,000				2,225,000
						-
53	CONSTRUCT RECEPTION UNIT, MSP	550,000		5,500,000		6,050,000
						-
54	MONTANA NATIONAL GUARD, VETERANS' AFFAIRS AND EMERGENCY OPERATIONS CENTER	3,000,000				3,000,000
						-
55	RENOVATE RENNE LIBRARY, MSU	7,500,000				7,500,000
						-
56	RURAL TECHNOLOGY ED CENTER, UM DILLON	3,950,000			1,200,000	5,150,000
						-
57	HAVRE JOB SERVICE SUPPLEMENTAL, LABOR			210,000		210,000
						-
58	CONSTRUCT NEW ARMORY- KALISPELL, DMA	1,900,000		4,800,000		6,700,000
						-
59	CONSTRUCT NEW ARMORY- BOZEMAN, DMA	2,500,000		6,150,000		8,650,000
						-
60	SECURITY IMPROVEMENTS & WALLACE EXPANSION, MSP	3,000,000				3,000,000
						-
61	LAB AND CLASSROOM RENOVATIONS, UM	2,000,000				2,000,000
						-
62	CONSTRUCT 96 CELL CLOSE SECURITY HOUSING UNIT, MS	5,500,000				5,500,000
						-
	<b>TOTAL HB14 BOND PROGRAM</b>	<b>35,025,000</b>	<b>-</b>	<b>23,135,000</b>	<b>1,200,000</b>	<b>59,360,000</b>
						-
	<b>TOTAL LRB PROGRAM</b>	<b>42,025,000</b>	<b>19,788,530</b>	<b>26,320,000</b>	<b>54,445,000</b>	<b>142,578,530</b>

## TREASURE STATE ENDOWMENT PROGRAM

**Purpose** - The Treasure State Endowment Program (TSEP), administered by the Department of Commerce, is a coal tax-funded program designed to assist communities with infrastructure financing as authorized by Montana voters with passage of Legislative Referendum 110 in 1992. The program is defined in Title 90, Chapter 6, part 7, MCA. Goals for the program include:

- create jobs for Montana residents;
- promote economic growth in Montana by helping to finance the necessary infrastructure;
- encourage local public facility improvements;
- create a partnership between the state and local governments to make necessary public projects affordable;
- support long-term, stable economic growth in Montana;
- protect future generations from undue fiscal burdens caused by financing necessary public works;
- coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

### **Executive Recommendation -**

- **Volume 3 of the Governor's 2001 biennium Executive Budget** contains the complete TSEP applications and recommendations.
- **HB11** contains recommendations for grants to 21 of the 41 applicants that requested total funding of \$15,852,526 in TSEP funds
- About \$8.4 million in net endowment interest will be available for grant awards for the 2001 biennium
- Recommend three additional projects for contingent grant funding, if revenue projections are higher or other projects are not able use funds

### **Since the Last Session -**

- Common application materials to make it easier for local governments were developed by the TSEP and Community Development Block Grant Program, the DNRC Renewable Resource Grant and Loan Program, DEQ State Revolving Loan Fund Programs, Board of Investment INTERCAP, and U.S. Department of Agriculture Rural Development Program.
- Improved financial analysis for bridge projects was developed by the Dept. of Commerce.
- A new manual to assist counties with preparing capital improvement plans to repair, replace, and finance roads and bridges, as well as a one day workshop simultaneously at seven locations throughout the state on the planning and financing of county bridges projects were presented by the Dept. of Commerce.

**TREASURE STATE ENDOWMENT PROGRAM**

<b>TSEP 2001 Biennium Grant Recommendations</b>				
Cumulative TSEP Grant Proposed Award	Applicant	Utility	Proposed Grant Award	Rank Order
500,000	Harrison Water and Sewer District	Wastewater	500,000	1
1,000,000	Arlee Water and Sewer District	Wastewater	500,000	2
1,400,000	Highwood County Water and Sewer District	Water	400,000	3
1,900,000	City of Missoula	Wastewater	500,000	4
2,400,000	City of Thompson Falls	Water	500,000	5
2,521,900	Town of Philipsburg	Water	121,900	6
2,609,100	Town of Ekalaka	Wastewater	87,200	7
3,109,100	Rae Water and Sewer District	Wastewater	500,000	8
3,609,100	City of Big Timber	Wastewater	500,000	9
4,109,100	City of Glasgow	Wastewater	500,000	10
4,519,860	Corvallis County Sewer District	Wastewater	410,760	11
5,019,860	Town of Boulder	Water	500,000	12
5,434,860	Town of Denton	Wastewater	415,000	13
5,934,860	City of Cut Bank	Water	500,000	14
6,116,015	Richland County	Bridge	181,155	15
6,416,015	Town of Geraldine	Wastewater	300,000	16
6,916,015	Augusta Water and Sewer District	Wastewater	500,000	17
7,219,762	City of Havre	Water	303,747	18
7,432,762	Sweetgrass Community County Water/Sewer District	Wastewater	213,000	19
7,932,762	Lewis and Clark County	Bridge	500,000	20
8,225,612	Town of Drummond	Wastewater	292,850	21
8,725,612	South Hills Water and Sewer District*	Water	500,000	22
9,225,612	City of Helena*	Water	500,000	23
9,725,612	City of Red Lodge*	Wastewater	500,000	24
			9,725,612	

\*These applicants are recommended for grant awards contingent upon TSEP funds being available.

## OIL OVERCHARGE PROGRAM

**Purpose** - Oil overcharge funds are allocated to the states by the U.S. Department of Energy or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

The DOE requires that states present a single plan for all oil overcharge monies. Proposals submitted by agencies and organizations were reviewed and ranked by a seven-member task force. Funds available for the 2001 biennium, which are covered by the "Stripper Well settlement guidelines," may not be used to replace state funds and may only be used for the following programs:

1. Low-income home energy assistance,
2. Low-income weatherization,
3. Institutional weatherization,
4. Energy extension service,
5. State energy conservation,
6. Highway and bridge maintenance and repair,
7. Ridesharing,
8. Public transportation,
9. Residential or commercial building energy audits,
10. Grant or loan programs for weatherization or other energy conservation equipment installation,
11. Energy assistance,
12. Airport maintenance or improvement,
13. Reduction in airport user fees.

### Executive Recommendation -

- **HB10** contains the recommendations shown in the table below.
- It is estimated there will be about \$1 million plus carryover funds available for consideration.
- After passage and approval of the oil overcharge projects in HB10, the Department of Environmental Quality Planning, Prevention & Assistance Division will make formal application to the DOE and serve as the lead state agency.

### 2001 Biennium Oil Overcharge Recommendations

Rank	Agency	Project	Amount
1	DPHHS	Low-income energy assistance	\$ 300,000
2	DPHHS	Low-income home weatherization	500,000
3	DEQ	Aggregation cooperative for residential customers	150,000
4	DEQ	Affordable, efficient housing plan book	40,000
5	DPHHS	Food bank network transportation	5,000
6	DEQ	Advanced transportation technologies consortium	50,000
7	DPHHS	Low-income home weatherization	200,000
Total Projects			<u>\$ 1,245,000</u>
Carryover reappropriations			<u>145,000</u>
Total			<u>\$ 1,390,000</u>

# OIL OVERCHARGE PROGRAM

## AVAILABLE FUNDS CALCULATIONS FOR THE 2001 BIENNIUM

Funds Managed by D of A

	Interest	Cash	Total
FYE 98 Balances			
Exxon	8,249	159,194	167,444
Projected Interest Earnings			9,209
Stripper	78,007	1,336,508	1,414,515
Projected Interest Earnings			77,798
Projected Revenue:			
Citronelle 341 case			181,048

Revenues	1,850,015
FY99 Expenses	842,699
<b>Projected Balance Avail. for 2001 Biennium</b>	<b>1,007,315</b>

## FY 1998 Expenditures from A/E 03199

Section	Program	Approp. HB10	Expend. FY98	Balance FY99
4	Energy Share	180,000	17,260	162,740
5	Low Income Weatherization	230,000	66,106	163,894
6	Recomm. State Buildings	80,000	0	80,000
7	Ethanol-fueled Vehicles	70,000	10,000	60,000
8	Yellowstone Region	25,000	0	25,000
9	Sm. Business Envir. Comp. Loan Fund	180,000	40,000	140,000
10	Recycle Mercury Lamps	36,000	314	35,686
11	Low Income Weatherization (Sec. 11)	295,000	124,621	170,379
12	Food Bank	5,000	0	5,000
	Total	1,101,000	258,301	842,699

## STATE BUILDINGS ENERGY CONSERVATION

**Purpose** - The State Buildings Energy Conservation Program, operated by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs in state facilities by identifying and funding cost-effective energy efficiency improvements. The program operates as a profit center for state government, saving money in agency operating budgets and making money for the Long-Range Building Program through investment in these improvements. Statutory authority is Title 90, Chapter 4, part 6, MCA.

### **Background** -

- The state sells general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds.
- Projects are designed so the cost savings exceed the bond debt service.
- There is incremental savings in the short term while the bonds are being repaid, and substantial savings after 10 years, when the bonds are retired.
- Energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls.
- DEQ contracts with private engineering firms to perform comprehensive energy analyses on state buildings and building complexes, and to recommend the energy improvements.
- After energy improvements are in place, the DEQ provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained.
- Energy cost savings realized by participating agencies are transferred to a debt service account and used to retire the bonds.
- A portion of the proceeds from each bond issuance is set aside to fund analysis, design, and program administration for the next round of projects so the program is able to continue without additional federal or state funding.

### **Executive Recommendation** -

- **HB 12** recommends issuing G.O. bonds not to exceed \$3 million for the following projects:
  - University of Montana
    - Science Complex, Missoula
  - Montana State University
    - Cowan Hall Remodel, Havre
  - College of Technology, Great Falls
  - Department of Fish, Wildlife and Parks
    - Visitors' Centers, Lonepine and Glendive
  - Department of Corrections
    - Female Corrections Facility, Boulder
  - Department of Military Affairs
    - Maintenance Shop Building, Helena



## RECLAMATION AND DEVELOPMENT GRANTS PROGRAM

**Purpose** - The Reclamation and Development Grants Program (RDGP) was established by the Montana Legislature in 1987 to enable funding for projects that indemnify the people of Montana for the effects of mineral development on public resources and that meet other crucial needs serving the public interest and the total environment of the citizens of Montana. Administered by the Department of Natural Resources and Conservation (DNRC), the RDGP fulfills this mission by funding projects that (1) repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction, and (2) develop and ensure the quality of public resources for the benefit of all Montanans. The RDGP Act is Title 90, Chapter 2, part 11, MCA.

### **Executive Recommendation -**

- **Volume 4 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for the RDGP
- **HB7** presents the reclamation and development grants recommendations which total \$4,562,429 for 19 projects
- Requests are matched by about \$10 million in non-RDGP funds from a variety of state, federal, private and local sources
- Representative mineral development-related projects include reclamation and cleanup of the Streamside Tailings Superfund site near Butte, the East Pacific Mine, Frohner Mine, Toston Smelter, and Great Republic Smelter in western Montana, and numerous abandoned oil and gas wells statewide.
- Non-mineral projects include an investigation of cumulative effects on the Yellowstone River caused by channel modifications

### **Since the Last Session -**

- Most project work has been reclamation of abandoned hard rock mines, hazardous waste sites, and plugging and site restoration of orphaned oil and gas wells.
- Progress has been made in reclamation research on heavy metal tolerant plants, technical assistance to local governments, and installation of best management practices (BMPs) to improve water quality at a variety of non-mining sites.
- In cooperation with other local, state and federal agencies, RDGP is administering reclamation and cleanup of four abandoned hard rock mine sites, Nancy Lee Mine, Charter Oak Mine, Nellie Grant Mine, and the Highland Mill, using over \$1.1 million authorized by the 1997 Legislature and matching funds of about \$4.8 million.
- DNRC received 21 grant applications requesting \$5,579,522 in RDGP funding during the interim.

# RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Rank	Applicant	Grant Request	Grant Recommended	Total Recommended
1	Montana Board of Oil and Gas Conservation 1999 "A" Orphaned Well Plug & Abandonment & Site Restoration	\$ 300,000	\$ 300,000	\$ 300,000
2	Montana Board of Oil and Gas Conservation 1999 "B" Orphaned Well Plug & Abandonment and Site Restoration	\$ 300,000	\$ 300,000	\$ 600,000
3	Montana Department of Environmental Quality - Mine Waste Cleanup Bureau Silver Bow Creek, Streamside Tailings, Remedial Action (1)	\$ 300,000	\$ 300,000	\$ 900,000
4	Montana Department of Environmental Quality - Mine Waste Cleanup Bureau Silver Bow Creek, Streamside Tailings, Remedial Action (2)	\$ 300,000	\$ 300,000	\$ 1,200,000
5	Montana Department of Environmental Quality - Mine Waste Cleanup Bureau Toston Smelter Reclamation Project	\$ 300,000	\$ 300,000	\$ 1,500,000
6	Townsend, City of East Pacific Mine Reclamation	\$ 202,500	\$ 202,500	\$ 1,702,500
7	Montana Department of Environmental Quality - Mine Waste Cleanup Bureau Frohner Mine Reclamation Project	\$ 300,000	\$ 300,000	\$ 2,002,500
8	Montana Department of Environmental Quality - Mine Waste Cleanup Bureau Great Republic Smelter Reclamation Project	\$ 300,000	\$ 300,000	\$ 2,302,500
9	Park Conservation District Upper Yellowstone River Cumulative Effects Investigation	\$ 299,940	\$ 299,940	\$ 2,602,440
10	Toole County Toole County Plugging and Abandonment, Aid to Independent Small Oil Operators	\$ 300,000	\$ 300,000	\$ 2,902,440
11	Butte-Silver Bow Local Government Upper Clark Fork Basin: Superfund Technical Assistance	\$ 95,236	\$ 95,236	\$ 2,997,676
12	Fergus County Conservation District Central Montana Artesian Basin Groundwater Project	\$ 283,113	\$ 150,000	\$ 3,147,676
13	Toole County North Toole County Reclamation Project	\$ 300,000	\$ 150,000	\$ 3,297,676
14	Montana Tech of the University of Montana Champion International Gravel Pit Reclamation Project	\$ 88,230	\$ 88,230	\$ 3,385,906
15	Montana Department of Environmental Quality - Watershed Management Section Implementing Non Point Source Management and Total Maximum Daily Loads (TMDLs)	\$ 300,000	\$ 214,000	\$ 3,599,906
16	University of Montana Department of Geology Remediation of Groundwater at Abandoned Mine Sites: Application of Permeable Reactive Wall Technology	\$ 256,266	\$ 198,866	\$ 3,798,772
17	Butte-Silver Bow Local Government Mining City Mineyard Preservation & Enhancement	\$ 297,104	\$ 297,104	\$ 4,095,876
18	Montana Department of Environmental Quality Wetland Inventory for Montana	\$ 300,000	\$ 300,000	\$ 4,395,876
19	Flathead County Board of County Commissioners Assessment of Aggregate Resources in Flathead and Missoula Counties	\$ 166,553	\$ 166,553	\$ 4,562,429
	Jefferson County Water Quality and Quantity Management Improvement Project for Jefferson County	\$ 300,000	\$ -	\$ 4,562,429
	Lewistown, City of Source Location of Hazardous Organic Contaminants, Big Spring Creek Drainage	\$ 290,610	\$ -	\$ 4,562,429
		\$ 5,579,552	\$ 4,562,429	\$ 58,419,031

## RENEWABLE RESOURCE GRANT & LOAN PROGRAM

**Purpose** - The Renewable Resource Grant and Loan Program offers funding for projects that conserve, manage, develop, and preserve renewable resources to provide economic and other benefits of the state's natural heritage. The Department of Natural Resources and Conservation (DNRC) administers the program, which is provided for in Title 85, Chapter 1, part 6, MCA. Governmental entities may apply to the program to obtain funding for community resource-related projects. Project eligibility covers a wide spectrum including irrigation system rehabilitation, stream restoration, watershed management, public water and sewer systems, and resource assessment projects.

### Executive Recommendation -

- **Volume 5 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for all grant and loan applications
- **HB6** presents the renewable resource grants recommendations for legislative action
- Grant funding is limited to \$2 million and would provide funding for the first 23 of the 62 applications, which requested \$5.9 million
- Funding is recommended in the bill for 53 projects in order of priority for a total of \$4.5 million, in keeping with the DNRC policy of including all projects that meet minimum technical and financial feasibility requirements
- The highest priority grant will rehabilitate a large pipeline that provides water for irrigation, recreation, and wildlife to the Milk River Basin in northeast Montana
- Other projects include a floodplain study, two groundwater assessments, and numerous proposals for municipal water and sewer systems
- **HB8** presents the renewable resource bonds and loans recommendations from applications that total \$6.9 million.
- This program also provides emergency grants to communities for projects that present immediate threats to public health, safety and the environment.

### Since the Last Session -

- DNRC entered into grant agreements with 20 of the 23 grantees that received appropriations for a total of \$1,650,000.
- Six grants were awarded for emergency repairs to municipal water systems and for structural repairs at the East Fork Dam.
- Ongoing investigations address land use and the relationship to surface and groundwater quality and quantity throughout the state.
- Watershed planning, investigation, water quality improvement, and projects to improve irrigation efficiency and water availability for fish and wildlife continue to make up the majority of the program docket.

## RENEWABLE RESOURCE GRANT & LOAN PROGRAM

Renewable Resource Grant & Loan Program 2000-2001 Bienium Grant & Loan Recomendations					
Rank	Applicant/Project Name	Grant Funding	Loan Funding	Total Project Cost	Cummulative Funding
1	Milk River Project Water Users St. Mary Siphon Repair	100,000		133,000	100,000
2	Malta Irrigation District Repair and Modification of Dodson Diversion Dam	100,000	2,274,950	2,374,950	200,000
3	Cascade County Conservation District Muddy Creek Restoration and Water Quality Improvement	77,000		208,220	277,000
4	Broadwater Conservation District Slim Sam Riparian Area Implementation	7,522		45,417	284,522
5	Madison County Harrison Wastewater System Improvements	100,000		1,600,000	384,522
6	Glasgow Irrigation District Phase I- Vandalia Diversion Dam Rehabilitation	56,000		66,000	440,522
7	Petroleum County Conservation District Musselshell River Assessment and Monitoring Plan	50,150		94,150	490,672
8	Mt Dept. of Natural Resources and Conservation Deadman's Basin Water Quality Improvement	100,000	401,100	609,700	590,672
9	Fort Shaw Irrigation District Water Quality and Quantity Improvement	50,000		212,090	640,672
10	Sheridan County Conservation District Sheridan County Groundwater Management Program	99,700		231,750	740,372
11	Cut Bank, City of Water System Improvements	100,000		3,234,250	840,372
12	Buffalo Rapids Project Improving Pump Discharge Line Efficiency	91,622		193,135	931,994
13	Mt Dept. of Natural Resources and Conservation Seepage Monitoring Program	100,000		134,290	1,031,994
14	Sanders County Floodplain Delineation of the Clark Fork River	100,000		110,670	1,131,994
15	Missoula Sewer System, City of East Reserve Street Phases II & III	100,000		5,215,107	1,231,994
16	Park County Hydrogeological Reconnaissance of the Paradise Valley	95,000		215,900	1,326,994
17	Glen Lake Irrigation District Costich Dam Improvements Project	100,000		113,976	1,426,994
18	Denton, Town of Wastewater Treatment Project	100,000		943,400	1,526,994
19	Bitterroot Irrigation District Water Conservation and Improvement	99,650		322,750	1,626,644
20	Frenchtown Irrigation District Irrigation System Water Use and Water Quality Improvements	32,900		106,090	1,659,544
21	Boulder, Town of Water Systems Improvement	100,000	907,000	1,917,000	1,759,544
22	Daly Ditches Irrigation District Republican Canal Diversion Dam Replacement	100,000	730,691	878,786	1,859,544

# RENEWABLE RESOURCE GRANT & LOAN PROGRAM

<b>Renewable Resource Grant &amp; Loan Program 2000-2001 Bienium Grant &amp; Loan Recomendations</b>					
Rank	Applicant/Project Name	Grant Funding	Loan Funding	Total Project Cost	Cummulative Funding
23	West Crane Sprinkler Irrigation Project West Crane Irrigation Project	100,000		376,757	1,959,544
<b>Funding Limit</b>					
24	Hebgen Basin/West Yellowstone Refuse District Composting Facility for Municipal Solid Waste	99,425	2,080,000	2,338,483	2,058,969
25	Teton County Conservation District Irrigation Methods and Pesticide Transport to Ground Water	100,000		160,361	2,158,969
26	Elk Meadow Ranchettes County Water District Water System Improvements	100,000		515,186	2,258,969
27	Glasgow, City of Combined Sewer Separation Project	100,000		1,600,000	2,358,969
28	Columbia Falls, City of Sewer Treatment Plant Upgrade	100,000		3,577,000	2,458,969
29	Mt Dept. of Natural Resources and Conservation Precipitation Relationships For Montana Design Guidelines	67,000		123,350	2,525,969
30	Sweetgrass Community County Water/Sewer District Wastewater Treatment Facility Rehabilitation/Upgrade	100,000		631,000	2,625,969
31	Sheridan, Town of Water Supply Improvements	30,000		40,400	2,655,969
32	Corvallis County Sewer District Upgrade & Expansion of Wastewater Treatment Facility	100,000		816,520	2,755,969
33	Geraldine, Town of Wastewater Improvements	50,000		811,007	2,805,969
34	Roosevelt County Conservation District Fort Peck Assiniboine and Sioux Rural Water Supply Project	82,109		242,109	2,888,078
35	Brockton, Town of Water and Wastewater Systems Improvements	100,000		1,020,250	2,988,078
36	Neihart, Town of Water Distribution Improvements	76,770		101,720	3,064,848
37	Lewis and Clark County Water Quality Protection District Helena Area Groundwater Quality Monitoring Network	100,000		125,773	3,164,848
38	Eureka, Town of Wastewater Collection, Treatment, and Disposal Improvements	100,000		1,380,000	3,264,848
39	Ekalaka, Town of Ekalaka Water Source Improvement	100,000		115,000	3,364,848
40	Garfield County Conservation District Rehabilitation of Irrigation Diversion Dam & Outlet Works	100,000		110,500	3,464,848
41	Drummond, Town of Sanitary Sewer Rehabilitation Project	100,000		585,700	3,564,848
42	Lake County Conservation District Forestry Implementation Project	100,000		248,001	3,664,848
43	Rae Water and Sewer District Wastewater Treatment System Improvements	100,000		971,700	3,764,848

# RENEWABLE RESOURCE GRANT & LOAN PROGRAM

Renewable Resource Grant & Loan Program 2000-2001 Bienium Grant & Loan Recommendations					
Rank	Applicant/Project Name	Grant Funding	Loan Funding	Total Project Cost	Cummulative Funding
<b>Funding Limit</b>					
44	Canyon Creek Irrigation District Canyon Lake and Wyant Lake Restoration Project	100,000	227,000	402,000	3,864,848
45	Mt Dept. of Environmental Quality Direct Planning Grants to Small Communities in Need	100,000		181,818	3,964,848
46	Chinook Division Irrigation Association Rehabilitation and Betterment of Water Conveyance Systems	100,000		137,590	4,064,848
47	Mt Dept. of Natural Resources and Conservation Missouri Pipe Span Rehabilitation Project	100,000	409,426	509,426	4,164,848
48	Big Timber, City of Lagoon Reconstruction and Lining	\$100,000		\$1,796,275	4,264,848
49	LaCasa Grande Estates Water and Sewer District New Water Supply System	100,000		1,045,000	4,364,848
50	Missoula, City of Rattlesnake Creek Flood Plain Restoration & Control	74,000		88,000	4,438,848
51	Eureka, Town of Water System Facility Plan	25,000		35,000	4,463,848
52	Havre, City of Source-Water Delineation for Havre and Seeley Lake	20,000		141,120	4,483,848
53	Troy, City of Water System Master Plan	23,646		30,000	4,507,494
<b>Total Funds Recommended</b>		<b>\$4,507,494</b>	<b>\$7,030,167</b>		
54	Sage Creek Water District "A - Closed" Watershed Classification	0		20,500	
55	East Helena, City of Wastewater Treatment Facility Improvements	0		959,218	
56	Homestead Acres County Water and Sewer District Water Systems Improvements	0		433,400	
57	Tin Cup County Water and Sewer District Tin Cup Lake Dam Restoration Project	0		422,800	
58	Willow Creek Sewer District Total Retention Lagoon System	0		1,031,400	
59	Livingston, City of Yellowstone Street to Main Street Ditch Improvement	0		80,000	
60	Lake County Class I Airshed Protection	0		248,891	
Not Ranked	Park Conservation District Upper Yellowstone River Cumulative Effects Investigation	0		639,880	
Not Ranked	Thompson Falls, City of Distribution System Improvements	0		2,202,085	

## CULTURAL AND AESTHETIC GRANT PROGRAM

**Purpose** - The Cultural and Aesthetic Grant Program began in the 1979 biennium "for protection of works of art in the state capitol and for other cultural and aesthetic projects" as provided in 15-35-108, and Title 22, Chapter 2, part 3, MCA. Initially administered by the Montana Historical Society, the C&A program was transferred to the Montana Arts Council in the 1985 biennium and continued to be funded by the interest from a statutory trust which receives coal severance tax revenues. Project applications are submitted to the MAC for review and ranking by the 16-member Cultural and Aesthetic Projects Advisory Committee, half of whom are appointed by the MAC and half by the MHS.

The 1997 Legislature appropriated in HB5 \$3.9 million or about half of the cultural trust corpus to fund the purchase of Virginia and Nevada City properties. In order to compensate for the lost interest earnings from the reduced corpus, the Legislature allocated 0.087% of coal severance tax revenue to the C&A account for the 1999 biennium. Of this amount, 0.063% previously was allocated to the cultural trust and 0.024% previously was allocated to the general fund. Based on session revenue estimates, the loss to the general fund was \$91,736 in FY 1998 and \$93,195 in FY 1999. In the 2001 biennium, the coal severance tax income is allocated again to the general fund.

### **Executive Recommendation -**

- **HB9** contains all the projects recommended by the advisory committee for funding in the amount of \$1,263,360. Projects are organized into four categories: special projects less than \$4,500, special projects, operational support, and capital expenditure grants.
- The revenue estimate for cultural trust interest earnings for the 2001 biennium is \$616,000.
- Montana Arts Council administration [appropriated in HB2] is recommended for \$261,891.
- Montana Historical Society is appropriated in HB9 the first \$15,000 for Capitol Complex works of art.
- The remaining balance of \$339,109 will be used for C&A projects in HB9.
- There also is one-time only \$670,000 general fund in HB9 to continue support of the C&A projects.
- Language in HB9 provides a mechanism for spending the funds since there remains a difference of \$254,251 between all the projects recommended by the advisory committee and the total revenue available.
- **Volume 6 of the Governor's 2001 biennium Executive Budget** contains the C&A project applications and advisory committee assessment information. Limited copies of this volume are printed for use by members of the Long-Range Planning Appropriations Subcommittee.

# CULTURAL AND AESTHETIC GRANT PROGRAM

CULTURAL TRUST APPLICATIONS AND RECOMMENDATIONS					
For the 2001 Biennium					
Grant #	Grant Category	Grantee	Request	Rank	Recommend
810	Special Project < \$4500	First Night Missoula	\$4,140	1	\$4,140
806	Special Project < \$4500	Schaeffer	\$1,300	2	\$1,100
817	Special Project < \$4500	Montana Preservation Alliance	\$4,500	3	\$4,500
819	Special Project < \$4500	Museums Association of Montana	\$4,469	4	\$3,818
816	Special Project < \$4500	Museum	\$4,400	5	\$4,400
807	Special Project < \$4500	Butte Symphony Orchestra	\$4,500	6	\$3,350
820	Special Project < \$4500	Yellowstone Ballet Company	\$4,500	7	\$4,500
818	Special Project < \$4500	Montana Watercolor Society	\$4,374	8	\$2,965
814	Special Project < \$4500	International Choral Festival, Inc.	\$3,550	9	\$3,550
805	Special Project < \$4500	Blackfeet Tribe	\$4,500	10	\$4,500
804	Special Project < \$4500	Historical Society	\$1,800	11	\$1,200
809	Special Project < \$4500	Council for the Arts, Inc., Lincoln	\$2,500	12	\$2,500
808	Special Project < \$4500	Charlo School District 7J	\$4,500	13	\$2,000
811	Special Project < \$4500	Five Rivers Festival	\$4,500	14	\$1,500
812	Special Project < \$4500	Heron Players	\$3,000	15	\$3,000
815	Special Project < \$4500	Libby Fine Arts Group, Inc.	\$4,500	16	\$1,200
813	Special Project < \$4500	Culture/Alan Thompson	\$4,050	17	\$0
835	Special Project	Humanities	\$45,400	1	\$40,000
847	Special Project	Rattlesnake Productions, Inc.	\$30,000	2	\$20,000
838	Special Project	Montana Historical Society	\$33,247	3	\$33,000
842	Special Project	Advisory Board	\$35,000	4	\$30,000
841	Special Project	Montana Repertory Theatre	\$40,000	5	\$40,000
827	Special Project	Hockaday Museum of Art	\$30,000	6	\$25,000
830	Special Project	Missoula Children's Theatre, Inc.	\$80,000	7	\$40,000
840	Special Project	Consortium	\$40,000	8	\$30,000
825	Special Project	Glacier Orchestra and Chorale	\$25,000	9	\$20,000
851	Special Project	Western Heritage Center	\$20,000	10	\$15,000
829	Special Project	Miles Community College	\$8,000	11	\$6,000
852	Special Project	Whitefish Theatre Company	\$18,700	12	\$18,700
846	Special Project	Art	\$32,640	13	\$26,000
836	Special Project	Montana Historic Quilt Project	\$5,000	14	\$5,000
826	Special Project	Helena Symphony Society	\$20,000	15	\$13,000
853	Special Project	Foundation	\$17,768	16	\$17,000
850	Special Project	Wakina Sky Learning Circle	\$2,500	17	\$2,500
845	Special Project	Museum of the Rockies	\$31,000	18	\$25,000
839	Special Project	Assn.	\$68,330	19	\$15,000
824	Special Project	Gallatin County Historical Society	\$26,000	20	\$18,000
832	Special Project	Missoula Symphony Association	\$14,000	21	\$12,000
849	Special Project	Very Special Arts Montana	\$12,600	22	\$9,000
828	Special Project	Meadowlark Fund	\$50,000	23	\$40,000
843	Special Project	Montana State University--Billings	\$10,000	24	\$7,000
844	Special Project	of Montana	\$42,674	25	\$15,000
834	Special Project	Education	\$19,000	26	\$10,000
833	Special Project	Missoula Writing Collaborative	\$16,000	27	\$8,000
823	Special Project	Grandstreet Theatre	\$12,600	28	\$6,300



## CULTURAL AND AESTHETIC GRANT PROGRAM

CULTURAL TRUST APPLICATIONS AND RECOMMENDATIONS					
For the 2001 Biennium					
Grant #	Grant Category	Grantee	Request	Rank	Recommend
822	Special Project	Bitter Root RC & D Area, Inc.	\$84,816	29	\$4,000
821	Special Project	Bertha Kassing	\$22,000	30	\$4,000
848	Special Project	Spring Meadow Resources, Inc.	\$30,000	31	\$10,000
831	Special Project	Television	\$21,233	32	\$7,000
878	Support	YMCA	\$27,500	1	\$27,500
861	Support	Custer County Art Center	\$26,740	2	\$22,000
877	Support	Vigilante Players, Inc.	\$25,000	3	\$25,000
860	Support	Society	\$20,000	4	\$20,000
865	Support	Helena Presents, Inc.	\$60,000	5	\$40,000
869	Support	Montana Arts	\$40,000	6	\$28,000
868	Support	Assn.	\$35,000	7	\$31,000
874	Support	Parks	\$32,000	8	\$26,000
875	Support	Montana Transport Company	\$20,000	9	\$15,000
879	Support	Yellowstone Art Museum	\$80,774	10	\$35,000
863	Support	Inc.	\$20,000	11	\$15,000
859	Support	Arts	\$29,000	12	\$20,000
855	Support	Ceramic Arts	\$30,000	13	\$22,000
854	Support	Alberta Bair Theater	\$30,000	14	\$20,000
862	Support	Garden City Ballet of Montana	\$6,000	15	\$4,000
857	Support	Billings Symphony Society	\$30,000	16	\$20,000
880	Support	Montana	\$16,000	17	\$12,000
873	Support	Montana Dance Arts Assn.	\$6,000	18	\$6,000
866	Support	Holter Museum of Art	\$30,000	19	\$20,000
870	Support	Symphony Orchestras	\$20,000	20	\$15,000
871	Support	Montana Ballet Company	\$20,000	21	\$10,000
856	Support	Artists Group	\$18,600	22	\$8,000
858	Support	Bozeman Symphony Society	\$20,000	23	\$10,000
864	Support	Helena Art Center	\$16,000	24	\$8,000
872	Support	Montana Chorale	\$10,500	25	\$7,500
867	Support	Little Red School House, Inc.	\$36,665	26	\$6,600
876	Support	Television	\$15,000	27	\$7,400
882	Expenditure	Art Museum of Missoula	\$13,750	1	\$13,750
885	Expenditure	Society	\$50,000	2	\$30,000
888	Expenditure	Fort Peck Fine Arts Council	\$19,750	3	\$16,000
883	Expenditure	Billings Preservation Society	\$50,000	4	\$30,000
884	Expenditure	C. M. Russell Museum	\$75,000	5	\$35,000
887	Expenditure	Emerson, Inc.	\$39,220	6	\$20,000
881	Expenditure	Arlee Historical Society, Inc.	\$5,000	7	\$2,887
889	Expenditure	Hamilton Players, Inc.	\$24,538	8	\$15,000
890	Expenditure	WMC--UM	\$303,389	9	\$0
886	Expenditure	Downtown Helena BID	\$40,000	10	\$0
<b>TOTALS</b>			<b>\$2,350,017</b>		<b>\$ 1,263,360</b>

## **INFORMATION TECHNOLOGY BOND PROPOSAL**

**Purpose** - Beginning with passage and approval of HB188 through the 1997 Legislature, the state moved to define information technology as infrastructure and to conceptualize technology as an asset. HB188 authorized a total of \$43 million in bonding, including \$17.8 million for the Department of Revenue to begin an integrated revenue and tax system. The initial efficiencies from that DOR investment are being realized in the agency HB2 operating budget [reference Section A, agency 5801].

### **Executive Recommendation -**

- **HB15** recommends \$25 million in G.O. bonding to continue DoR integrated system development.
- The general fund balance sheet in the Governor's Executive Budget includes \$3,120,753 for debt service in FY 2001.
- Enhanced revenue collections resulting from the system are assumed in the revenue estimates.



# REFERENCE

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**OBPP Staff List**  
**State Vision and Goals**  
**Budget Bills Introduced**  
**Executive Branch Organization**  
**Agency Budget Summary HB2 All Funds**  
**Supplemental Approp Recommendations**  
**Statutory Appropriations All Funds**

**Budget Background Information**  
**Economic Overview**  
**Proprietary Funds Accounting Entity Tables**  
**Unified Prevention Budget**  
**Americans with Disabilities Act Report**  
**Glossary**  
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# OBPP STAFF LIST

## Office of Budget and Program Planning Staff

Dave Lewis, Budget Director  
 Curt Nichols, Assistant Budget Director  
 Steve Bender, Assistant Budget Director-Operations Division, on loan to MT PRRIME/MBARS  
 Jane Hamman, Assistant Budget Director-Agencies & Programs  
 Steve Colberg, Systems Analyst  
 Mike Walsh, Administrative Officer IV  
 Helen Kittel, Administrative Officer III  
 Jeanne Nevins, Administrative Assistant

<u>Code</u>	<u>Agency</u>	<u>Executive Budget Analysts</u>	<u>Back-Up Staff</u>
<b>Section A - General Government and Transportation</b>			
1104	Legislative Branch	Amy Sassano	Mary LaFond
1112	Consumer Counsel	Amy Sassano	Mary LaFond
2110	Judiciary	Mary LaFond	Mary Beth Linder
2115	Chiropractic Legal Panel	Mary LaFond	Amy Sassano
3101	Governor's Office	Mary Beth Linder	Jane Hamman
3201	Secretary of State (576)	Mary Beth Linder	Amy Sassano
3202	Commissioner of Political Practices	Amy Sassano	Mary Beth Linder
3401	State Auditor	Mary Beth Linder	Amy Sassano
5401	Dept of Transportation	Amy Sassano/Bob Andersen	Same
5801	Dept of Revenue	Mary Beth Linder	Amy Sassano
6101	Dept of Administration	Mary Beth Linder/Amy Sassano	Same
6102	Appellate Defender Commission	Amy Sassano	Mary Beth Linder
6103	State Fund (SA)	Bob Andersen/Connie Welsh	Same
6104	PERS (nonbudgeted)	Amy Sassano	Mary Beth Linder
6105	TRS (nonbudgeted)	Amy Sassano	Mary Beth Linder
<b>Section B - Public Health and Human Services</b>			
6901	Dept of PHHS	Connie Welsh/Bob Andersen	Same
<b>Section C - Natural Resources &amp; Commerce</b>			
5201	Dept of Fish, Wildlife & Parks	Shirley Moore	Jane Hamman
5301	Dept of Environmental Quality	Doug Schmitz	Shirley Moore
5603	Dept of Livestock	Doug Schmitz	Shirley Moore
5706	Dept of Natural Resources & Conservation	Doug Schmitz	Shirley Moore
6201	Dept of Agriculture	Doug Schmitz	Shirley Moore
6501	Dept of Commerce	Shirley Moore	Jane Hamman
<b>Section D - Public Safety and Justice</b>			
4107	Crime Control Division	Mary LaFond	Shirley Moore
4110	Dept of Justice	Mary LaFond	Jane Hamman
4201	Public Service Regulation	Shirley Moore	Doug Schmitz
6401	Dept. of Corrections	Mary LaFond	Jane Hamman
6602	Dept of Labor and Industry	Shirley Moore	Doug Schmitz
6701	Dept of Military Affairs	Shirley Moore	Doug Schmitz
<b>Section E - Education</b>			
3501	OPI	Amy Carlson	Curt Nichols
3511-5	Colleges of Technology	Amy Carlson	Curt Nichols
5102	Commissioner of Higher Education	Amy Carlson	Curt Nichols
5103-8	MUS Six Units	Amy Carlson	Curt Nichols
5109	MAES	Amy Carlson	Curt Nichols
5110	MCES	Amy Carlson	Curt Nichols
5111	Forestry Experiment Station	Amy Carlson	Curt Nichols
5112	Bureau of Mines	Amy Carlson	Curt Nichols
5119	Fire Services Training School	Amy Carlson	Curt Nichols
<b>Section E - Other Education</b>			
5101	Board of Public Education	Mariann Huso	Jane Hamman
5113	School for Deaf & Blind	Mariann Huso	Jane Hamman
5114	Montana Arts Council	Mariann Huso	Jane Hamman
5115	Library Commission	Mariann Huso	Jane Hamman
5117	Montana Historical Society	Mariann Huso	Jane Hamman
<b>Section F - Long Range Planning - 6107</b>			
		Jane Hamman	Dave Lewis

## THE VISION:

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WE MONTANANS WANT OUR STATE TO BE ECONOMICALLY VIBRANT, ENVIRONMENTALLY CLEAN AND SOCIALLY SECURE, WITH ROOM TO LIVE OUR INDIVIDUAL DREAMS IN THE 21ST CENTURY.

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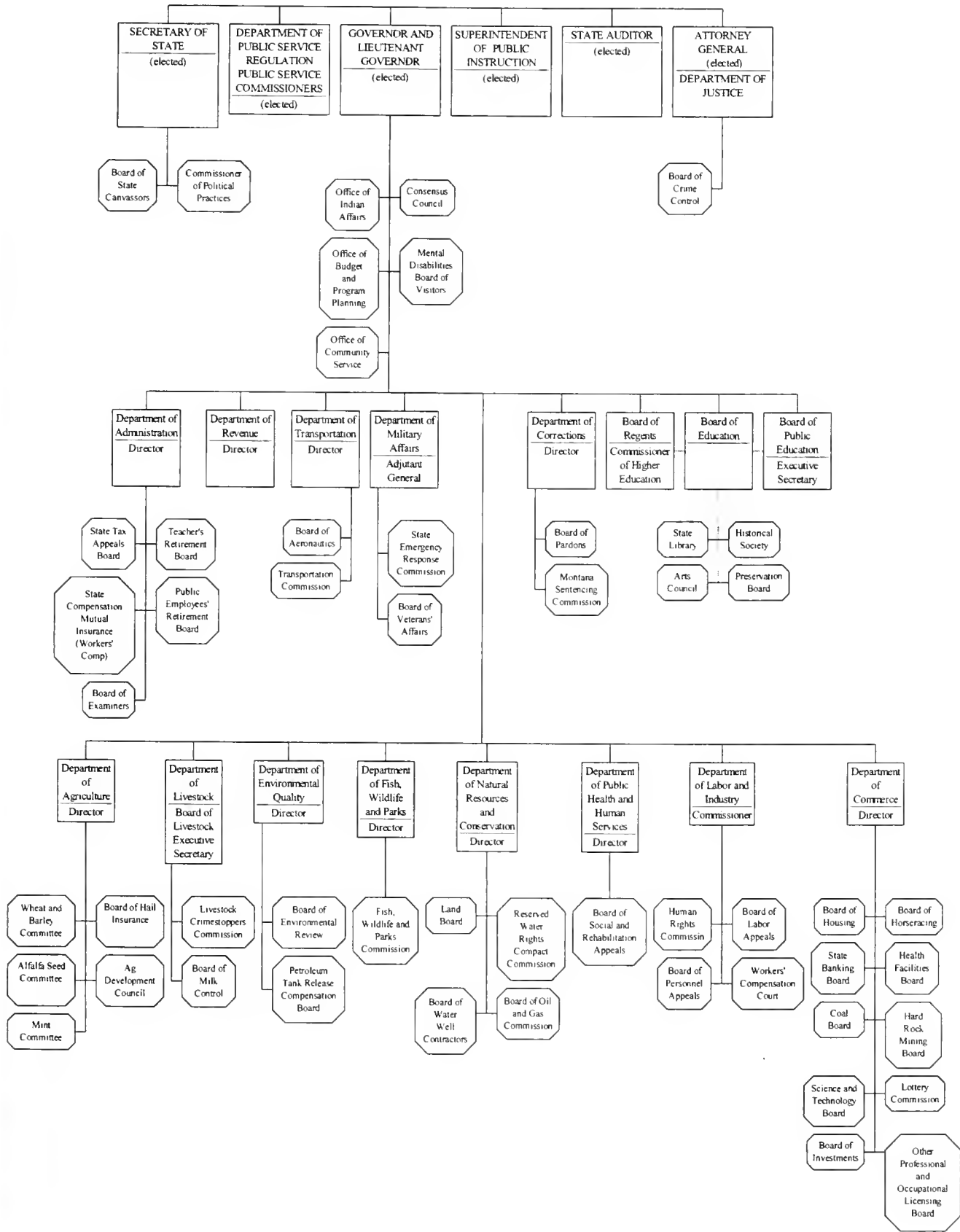
## THE GOALS:

1. To protect and enhance the health, well-being and productivity of all Montanans
  2. To preserve the environment and ensure wise, productive use of our natural resources
  3. To build a solid foundation for educational opportunities and social and economic prosperity
  4. To ensure the safety of our communities
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## 2001 BIENNIUM EXECUTIVE BUDGET BILLS

<b>Bill No.</b>	<b><u>Brief Title of Legislation/Sponsor for 1999 Session</u></b>
<b>1</b>	<b><i>Feed Bill/Rep. Zook</i></b>
<b>2</b>	<b><i>General Appropriations Act/Rep. Zook</i></b>
<b>3</b>	<b><i>Supplemental Appropriations for Current Biennium/</i></b>
<b>4</b>	<b><i>Budget Amendments/</i></b>
<b>5</b>	<b><i>Long-Range Building Appropriations/</i></b>
<b>6</b>	<b><i>Renewable Resource Grants/</i></b>
<b>7</b>	<b><i>Reclamation and Development Grants/</i></b>
<b>8</b>	<b><i>Renewable Resource Bonds and Loans/</i></b>
<b>9</b>	<b><i>Cultural and Aesthetic Grants Program Appropriations/</i></b>
<b>10</b>	<b><i>Oil Overcharge Appropriation/</i></b>
<b>11</b>	<b><i>Treasure State Endowment/</i></b>
<b>12</b>	<b><i>GO bonds for State Building Energy Conservation Program/</i></b>
<b>13</b>	<b><i>Pay Plan Bill/</i></b>
<b>14</b>	<b><i>LRBP GO Bonds/Rep. R. Johnson</i></b>
<b>15</b>	<b><i>Information Technology GO Bonds/</i></b>
<b>16</b>	<b><i>Supplemental for Relocation for Capitol Renovation</i></b>

EXECUTIVE BRANCH ORGANIZATION



# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
<b>1104</b>	<b>LEGISLATIVE BRANCH</b>				
20	LEGISLATIVE SERVICES				
	General Fund	3,032,950	3,513,124	3,632,919	3,708,991
	State Special Revenue	979,948	449,508	991,817	441,236
21	LEGIS. COMMITTEES & ACTIVITIES				
	General Fund	184,070	271,861	626,751	0
	State Special Revenue	15,967	206,294	0	0
	Proprietary	0	47,292	0	0
27	FISCAL ANALYSIS & REVIEW				
	General Fund	871,770	935,901	1,014,775	1,033,891
	State Special Revenue	0	15,863	0	0
28	AUDIT & EXAMINATION				
	General Fund	1,538,174	1,738,838	1,714,046	1,713,212
	State Special Revenue	1,053,726	1,241,103	1,271,941	1,221,541
	<b>Agency Totals</b>	<b>7,676,605</b>	<b>8,419,784</b>	<b>9,252,249</b>	<b>8,118,871</b>
<b>1112</b>	<b>CONSUMER COUNSEL</b>				
01	ADMINISTRATION PROGRAM				
	State Special Revenue	949,865	1,041,685	1,067,401	1,080,503
	<b>Agency Totals</b>	<b>949,865</b>	<b>1,041,685</b>	<b>1,067,401</b>	<b>1,080,503</b>
<b>2110</b>	<b>JUDICIARY</b>				
01	SUPREME COURT OPERATIONS				
	General Fund	2,402,697	2,711,680	2,818,278	2,793,477
	State Special Revenue	0	995,676	0	0
	Federal/Private	0	108,725	108,725	108,725
02	BOARDS AND COMMISSIONS				
	General Fund	241,739	272,647	295,513	295,494
	State Special Revenue		30,000	0	0
	Federal/Private			0	0
03	LAW LIBRARY				
	General Fund	632,350	639,615	698,661	647,448
04	DISTRICT COURT OPERATIONS				
	General Fund	3,408,969	3,284,639	4,240,905	4,219,037
	State Special Revenue	0		0	0
05	WATER COURTS SUPERVISION				
	State Special Revenue	563,320	616,295	644,823	628,096
06	CLERK OF COURT				
	General Fund	237,893	233,778	297,757	296,150
	<b>Agency Totals</b>	<b>7,486,968</b>	<b>8,893,055</b>	<b>9,104,662</b>	<b>8,988,427</b>
<b>2115</b>	<b>MT CHIROPRACTIC LEGAL PANEL</b>				
01	LEGAL PANEL OPERATIONS				
	State Special Revenue	13,992	13,010	17,266	17,193
	<b>Agency Totals</b>	<b>13,992</b>	<b>13,010</b>	<b>17,266</b>	<b>17,193</b>
<b>3101</b>	<b>GOVERNORS OFFICE</b>				
01	EXECUTIVE OFFICE PROGRAM				
	General Fund	1,137,059	1,134,175	1,245,973	1,175,910
	State Special Revenue	220,023	251,607	236,440	242,640
	Federal/Private			0	0
02	MANSION MAINTENANCE PROGRAM				
	General Fund	72,007	79,394	75,172	72,411
03	AIR TRANSPORTATION PROGRAM				
	General Fund	124,971	130,679	171,679	151,455
	State Special Revenue	16,000	17,000	15,903	15,874
04	OFFICE OF BDGET & PGM PLANNING				
	General Fund	975,264	1,019,466	1,014,480	990,091
	State Special Revenue	3,688		0	0
05	INDIAN AFFAIRS				



# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	General Fund	105,572	112,455	118,399	113,505
12	LT. GOVERNOR				
	General Fund	189,835	192,867	203,980	202,736
16	CITIZENS ADVOCATE OFFICE				
	General Fund	61,066	60,127	67,268	62,095
	Federal/Private	14,290	15,434	14,658	14,618
20	MENTAL DIS BD VISITORS				
	General Fund	159,592	180,494	166,856	166,845
	State Special Revenue	12,171	16,580	9,180	9,180
	<b>Agency Totals</b>	<b>3,091,538</b>	<b>3,210,278</b>	<b>3,339,988</b>	<b>3,217,360</b>
<b>3202</b>	<b>COMMISSIONER OF POLITICAL PRAC</b>				
01	ADMINISTRATION				
	General Fund	287,048	268,538	357,002	348,056
	<b>Agency Totals</b>	<b>287,048</b>	<b>268,538</b>	<b>357,002</b>	<b>348,056</b>
<b>3401</b>	<b>STATE AUDITORS OFFICE</b>				
01	CENTRAL MANAGEMENT				
	General Fund	364,195	374,872	374,461	369,596
	State Special Revenue	26,430	28,424	78,706	78,079
03	INSURANCE				
	General Fund	1,513,819	1,545,018	1,551,489	1,535,142
	State Special Revenue	673,971	639,442	919,552	895,184
	Federal/Private		2,500	0	0
04	SECURITIES				
	General Fund	391,216	411,964	404,943	406,307
	State Special Revenue	86,590	129,569	115,753	99,806
	<b>Agency Totals</b>	<b>3,056,221</b>	<b>3,131,789</b>	<b>3,444,904</b>	<b>3,384,114</b>
<b>3501</b>	<b>OFFICE OF PUBLIC INSTRUCTION</b>				
06	OPI ADMINISTRATION				
	General Fund	3,857,900	4,101,844	4,637,419	4,774,916
	State Special Revenue	329,585	530,813	472,878	472,325
	Federal/Private	4,270,772	5,920,702	6,529,760	6,571,013
09	DISTRIBUTION TO PUBLIC SCHOOLS				
	General Fund	462,267,733	470,815,901	468,455,964	473,966,607
	State Special Revenue	1,000,000	1,000,000	1,330,003	1,110,003
	Federal/Private	62,734,605	68,184,718	79,459,952	76,053,936
	<b>Agency Totals</b>	<b>534,460,595</b>	<b>550,553,978</b>	<b>560,885,976</b>	<b>562,948,800</b>
<b>4107</b>	<b>CRIME CONTROL DIVISION</b>				
01	JUSTICE SYSTEM SUPPORT SERVICE				
	General Fund	2,143,913	2,140,954	2,524,868	2,524,503
	Federal/Private	6,927,535	8,417,729	12,546,053	10,031,469
	<b>Agency Totals</b>	<b>9,071,448</b>	<b>10,558,683</b>	<b>15,070,921</b>	<b>12,555,972</b>
<b>4110</b>	<b>DEPARTMENT OF JUSTICE</b>				
01	LEGAL SERVICES DIVISION				
	General Fund	2,231,804	2,076,834	2,669,754	2,743,479
	State Special Revenue	253,672	1,525,900	189,242	88,665
	Federal/Private	111,963	46,001	210,042	204,279
	Proprietary	0	128,707	0	0
07	GAMBLING CONTROL DIVISION				
	General Fund	454,934	485,341	504,478	500,214
	State Special Revenue	1,838,438	1,970,070	1,986,907	1,970,583
12	MOTOR VEHICLE DIVISION				
	General Fund	7,356,352	7,287,986	7,673,849	7,514,684
	State Special Revenue	486,053	357,269	403,053	403,053
13	HIGHWAY PATROL DIVISION				
	General Fund			1,042,073	1,083,606

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	State Special Revenue	15,024,010	15,803,327	15,031,356	15,115,977
	Federal/Private	674,360	772,373	819,838	817,968
18	DIVISION OF CRIMINAL INVESTIGATION				
	General Fund	1,920,564	2,056,432	2,183,027	2,176,388
	State Special Revenue	340,438	347,952	336,827	321,713
	Federal/Private	1,128,232	1,091,185	1,281,779	1,297,455
19	COUNTY ATTORNEY PAYROLL				
	General Fund	1,484,204	1,542,314	1,582,054	1,618,318
22	LAW ENFORCEMENT ACADEMY DIV				
	General Fund	959,501	1,026,308	1,089,775	1,056,930
	State Special Revenue	0		50,000	50,000
	Federal/Private	0	0	100,000	100,000
28	CENTRAL SERVICES DIVISION				
	General Fund	238,380	218,236	253,571	229,414
	State Special Revenue	300,459	305,401	313,191	283,541
	Proprietary	10,503	11,449	11,600	10,502
29	JUSTICE INFORMATION SYSTEMS DIVISION				
	General Fund	1,914,320	1,861,280	2,624,650	2,601,036
	State Special Revenue	385,577	483,855	617,463	617,463
	Federal/Private	0	106,556	515,661	350,886
	Proprietary	0		20,428	20,428
30	EXTRADITION & TRANSP PRISONERS				
	General Fund	164,587	162,145	148,010	147,930
32	FORENSIC SCIENCE DIVISION				
	General Fund	1,407,137	1,397,282	1,724,159	1,749,616
	State Special Revenue	256,122	256,122	303,205	300,912
	Federal/Private	40,149	40,149	175,002	174,721
	<b>Agency Totals</b>	<b>38,981,759</b>	<b>41,360,474</b>	<b>43,860,994</b>	<b>43,549,761</b>
4201	<b>PUBLIC SERVICE REGULATION</b>				
01	PUBLIC SERVICE REGULATION PROG				
	State Special Revenue	2,212,496	2,894,702	2,455,944	2,300,369
	Federal/Private	18,665	27,286	18,647	19,393
	<b>Agency Totals</b>	<b>2,231,161</b>	<b>2,921,988</b>	<b>2,474,591</b>	<b>2,319,762</b>
5101	<b>BOARD OF PUBLIC EDUCATION</b>				
01	ADMINISTRATION				
	General Fund	122,058	125,442	155,919	153,969
	State Special Revenue	10,193	10,744	13,083	12,921
03	ADVISORY COUNCIL				
	State Special Revenue	166,084	169,771	157,500	157,500
	<b>Agency Totals</b>	<b>298,335</b>	<b>305,957</b>	<b>326,502</b>	<b>324,390</b>
5102	<b>COMMISSIONER OF HIGHER ED</b>				
01	ADMINISTRATION PROGRAM				
	General Fund	1,014,223	1,136,948	1,167,801	1,136,717
	State Special Revenue			0	0
02	STUDENT ASSISTANCE PROGRAM				
	General Fund	5,493,456	5,858,446	7,430,910	7,586,769
	State Special Revenue	0		0	0
	Federal/Private	140,599	70,414	140,599	140,599
03	DDE MATHEMATICS & SCI ED ACT				
	Federal/Private	183,722	264,449	264,449	264,449
04	COMMUNITY COLLEGE ASSISTANCE				
	General Fund	4,702,882	4,761,928	4,917,181	4,884,541
06	TALENT SEARCH				
	General Fund	86,605	77,038	93,760	93,760
	Federal/Private	455,898	468,761	510,417	576,008
08	C.D. PERKINS ADMIN				
	General Fund	73,169	81,673	80,000	80,000

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	Federal/Private	5,599,067	5,020,575	8,861,143	8,061,036
09	APPROPRIATION DISTRIBUTION				
	General Fund	101,927,624	104,180,793	111,110,172	110,679,214
	State Special Revenue	14,455,976	21,306,416	15,863,336	16,530,800
12	GUARANTEED STUDENT LOAN PGM				
	Federal/Private	3,643,372	2,503,021	28,255,651	29,512,638
13	BOARD OF REGENTS-ADMIN				
	General Fund	43,824	53,942	93,825	93,825
14	B OF R BOND PAYMENTS				
	General Fund	95,095	95,048	0	0
	<b>Agency Totals</b>	<b>137,915,512</b>	<b>145,879,452</b>	<b>178,789,244</b>	<b>179,640,356</b>
<b>5113</b>	<b>SCHOOL FOR THE DEAF &amp; BLIND</b>				
01	ADMINISTRATION PROGRAM				
	General Fund	234,183	248,121	297,155	269,862
	State Special Revenue		387	0	0
02	GENERAL SERVICES PROGRAM				
	General Fund	288,041	284,529	309,120	308,290
03	STUDENT SERVICES				
	General Fund	856,141	900,430	919,806	915,383
	Federal/Private	24,644	30,682	24,644	24,644
04	EDUCATION				
	General Fund	1,582,848	1,682,854	1,725,757	1,629,160
	State Special Revenue	238,189	238,189	228,068	228,068
	Federal/Private	51,017	51,374	56,750	56,750
	<b>Agency Totals</b>	<b>3,275,063</b>	<b>3,436,566</b>	<b>3,561,300</b>	<b>3,432,157</b>
<b>5114</b>	<b>MONTANA ARTS COUNCIL</b>				
01	PROMOTION OF THE ARTS				
	General Fund	241,069	229,435	325,971	311,847
	State Special Revenue	116,979	121,391	132,464	129,427
	Federal/Private	388,252	486,604	476,543	466,764
	<b>Agency Totals</b>	<b>746,300</b>	<b>837,430</b>	<b>934,978</b>	<b>908,038</b>
<b>5115</b>	<b>LIBRARY COMMISSION</b>				
01	STATE LIBRARY OPERATIONS				
	General Fund	1,472,711	1,510,173	1,783,791	1,511,993
	State Special Revenue	172,923	175,950	281,673	282,173
	Federal/Private	620,035	1,260,699	1,300,884	750,884
07	NATURAL RESOURCE INFO SYSTEM				
	General Fund	32,820	19,542	61,718	61,412
	State Special Revenue	474,425	620,893	644,414	480,192
	Federal/Private	30,000	326,698	395,000	45,000
	<b>Agency Totals</b>	<b>2,802,914</b>	<b>3,913,955</b>	<b>4,467,480</b>	<b>3,131,654</b>
<b>5117</b>	<b>HISTORICAL SOCIETY</b>				
01	ADMINISTRATION PROGRAM				
	General Fund	640,113	666,736	796,084	764,370
	State Special Revenue	176,034	173,131	189,473	187,111
	Federal/Private	52,516	54,656	55,900	55,464
	Proprietary		7,433	0	0
02	LIBRARY PROGRAM				
	General Fund	513,075	523,287	559,940	561,274
	State Special Revenue	3,229	4,183	4,289	4,289
	Proprietary	52,147	50,181	68,627	55,468
03	MUSEUM PROGRAM				
	General Fund	257,330	246,885	306,660	300,419
	State Special Revenue	18,477	18,759	21,278	21,218
	Federal/Private	5,918	0	0	0
	Proprietary	9,090	13,350	9,017	9,031

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
04	PUBLICATIONS				
	General Fund	53,877	54,415	53,652	53,650
	Proprietary	656,141	689,489	725,858	716,874
06	HISTORICAL SITES PRESERVATION				
	General Fund	19,759	18,787	48,289	47,571
	State Special Revenue	0		20,750	20,689
	Federal/Private	433,379	628,608	473,608	466,035
	<b>Agency Totals</b>	<b>2,891,085</b>	<b>3,149,900</b>	<b>3,333,425</b>	<b>3,263,463</b>
5201	<b>DEPT OF FISH, WILDLIFE &amp; PARKS</b>				
01	ADMINISTRATION & FINANCE DIV.				
	State Special Revenue	3,345,797	5,661,182	5,975,634	4,026,089
	Federal/Private	489,233	1,494,816	2,062,633	588,266
	Proprietary		1,942	0	0
02	FIELD SERVICES DIVISION				
	State Special Revenue	4,651,376	5,070,373	4,809,390	4,717,540
	Federal/Private	576,839	627,884	684,886	683,854
03	FISHERIES DIVISION				
	State Special Revenue	3,396,915	3,473,501	3,146,779	3,078,209
	Federal/Private	2,883,750	3,694,056	5,365,705	5,290,861
04	LAW ENFORCEMENT DIVISION				
	General Fund	109,895	121,572	127,840	123,882
	State Special Revenue	5,473,021	5,669,253	5,907,614	5,653,314
	Federal/Private	160,963	419,872	169,109	167,348
05	WILDLIFE DIVISION				
	State Special Revenue	3,795,773	3,385,142	4,546,375	3,160,062
	Federal/Private	3,240,307	3,828,206	3,614,949	3,596,339
06	PARKS DIVISION				
	General Fund	285,620	288,250	288,500	287,747
	State Special Revenue	4,082,947	4,172,063	4,645,315	4,254,617
	Federal/Private	313,660	549,356	854,852	982,876
08	CONSERVATION EDUCATION DIV				
	General Fund	2,698	2,698	2,698	2,698
	State Special Revenue	1,576,133	1,567,239	1,733,877	1,607,316
	Federal/Private	429,037	492,371	647,218	659,961
09	DEPARTMENT MANAGEMENT				
	State Special Revenue	2,726,727	2,923,910	2,621,481	2,602,707
	Federal/Private	474,294	622,010	839,124	836,190
	<b>Agency Totals</b>	<b>38,014,985</b>	<b>44,065,696</b>	<b>48,043,979</b>	<b>42,319,876</b>
5301	<b>DEPT. OF ENVIRONMENTAL QUALITY</b>				
10	CENTRAL MANAGEMENT PROGRAM				
	General Fund	11,111	75,485	265,001	265,001
	State Special Revenue		21,427	0	0
	Federal/Private			0	0
	Proprietary		15,960	0	0
20	PLAN. PREVENT. & ASSIST. DIV.				
	General Fund	1,138,739	1,521,116	1,764,162	1,757,493
	State Special Revenue	824,069	1,321,094	1,055,475	1,053,158
	Federal/Private	4,704,414	4,672,113	5,929,215	5,965,535
30	ENFORCEMENT DIVISION				
	General Fund	309,192	323,680	561,682	615,322
	State Special Revenue	225,177	239,096	183,367	183,099
	Federal/Private	318,023	361,853	402,426	399,953
40	REMEDIATION DIVISION				
	General Fund	0		0	0
	State Special Revenue	2,370,189	4,056,374	3,337,455	3,315,819
	Federal/Private	7,219,934	7,374,506	14,366,166	14,497,618
50	PERMITTING & COMPLIANCE DIV.				
	General Fund	802,744	905,620	1,302,174	1,245,067

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	State Special Revenue	6,580,382	9,444,041	24,406,720	8,126,231
	Federal/Private	2,423,835	3,007,551	3,134,355	3,101,310
90	PETRO TANK RELEASE COMP. BOARD				
	State Special Revenue	531,171	671,244	616,670	615,082
	Agency Totals	27,458,980	34,011,160	57,324,868	41,140,688
5401	DEPARTMENT OF TRANSPORTATION				
01	GENERAL OPERATIONS PROGRAM				
	State Special Revenue	11,206,491	13,530,282	15,110,792	14,532,860
	Federal/Private	287,007	454,783	477,634	473,685
	Proprietary		16,367	0	0
02	CONSTRUCTION PROGRAM				
	General Fund	0		0	0
	State Special Revenue	65,007,977	97,468,870	76,175,366	75,438,114
	Federal/Private	170,521,742	164,818,771	256,071,989	252,741,207
03	MAINTENANCE PROGRAM				
	State Special Revenue	66,345,981	68,733,544	71,373,089	71,825,134
	Federal/Private	0		170,599	170,599
22	MOTOR CARRIER SERVICES DIV.				
	State Special Revenue	4,482,676	4,822,147	4,888,358	4,858,594
	Federal/Private	0		0	0
40	AERONAUTICS PROGRAM				
	State Special Revenue	761,601	744,593	979,008	527,122
	Federal/Private	69,615	75,000	69,615	69,615
50	TRANSPORTATION PLANNING DIVISI				
	General Fund	250,000	250,000	250,000	250,000
	State Special Revenue	1,060,474	1,243,399	1,785,654	1,757,389
	Federal/Private	5,516,219	5,481,090	8,799,088	8,874,341
	Agency Totals	325,509,783	357,638,846	436,151,192	431,518,660
5603	DEPARTMENT OF LIVESTOCK				
01	CENTRALIZED SERVICES PROGRAM				
	General Fund	17,831	74,806	101,742	97,597
	State Special Revenue	752,093	783,243	951,911	908,310
	Federal/Private	39,986	41,936	48,653	48,512
03	DIAGNOSTIC LABORATORY PROGRAM				
	General Fund	130,225	139,752	155,926	158,702
	State Special Revenue	936,086	969,096	1,064,343	1,081,939
04	DISEASE CONTROL PROGRAM				
	State Special Revenue	565,011	1,021,867	1,143,280	1,102,362
05	MILK & EGG PROGRAM				
	State Special Revenue	202,612	204,886	242,088	240,989
	Federal/Private	30,278	33,965	20,668	20,670
06	INSPECTION & CONTROL PROGRAM				
	State Special Revenue	2,487,580	2,560,141	2,652,379	2,566,810
08	PREDATOR CONTROL				
	State Special Revenue	412,424	320,794	512,201	512,201
10	MEAT/POULTRY INSPECTION				
	General Fund	331,890	344,556	395,806	402,147
	State Special Revenue	1,668	1,753	1,772	1,762
	Federal/Private	332,067	345,429	425,597	431,937
37	MILK CONTROL BUREAU				
	State Special Revenue	163,337	173,481	175,380	174,535
	Agency Totals	6,403,088	7,015,705	7,891,746	7,748,473
5706	DEPT NAT RESOURCE/CONSERVATION				
04	TRUST LAND MANAGEMENT DIVISION				
	General Fund	3,273,510	3,318,447	3,542,739	3,529,269
	State Special Revenue	3,401,854	3,850,530	3,873,567	3,899,886
	Federal/Private	80,184	122,793	112,448	112,403

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
21	CENTRALIZED SERVICES				
	General Fund	1,249,788	1,319,522	1,939,727	1,787,352
	State Special Revenue	611,222	697,541	185,475	175,724
	Federal/Private	59,478	51,329	108,512	96,844
	Proprietary		959	0	0
22	OIL & GAS CONSERVATION DIV.				
	General Fund	0		0	0
	State Special Revenue	799,508	1,034,454	1,183,683	1,171,621
	Federal/Private	128,368	110,000	0	0
23	CONSERVATION/RESOURCE DEV DIV				
	General Fund	91,903	93,930	1,493,643	1,492,755
	State Special Revenue	1,840,841	1,770,748	1,212,464	1,214,849
	Federal/Private	115,095	124,406	206,074	176,015
24	WATER RESOURCES DIVISION				
	General Fund	3,268,998	3,353,506	5,842,535	5,827,978
	State Special Revenue	2,382,084	3,011,431	1,939,117	998,148
	Federal/Private	49,207	55,994	259,954	259,964
25	RESERVED WATER RIGHTS COMP COM				
	General Fund	199,193	210,686	618,543	619,148
	State Special Revenue	371,447	378,531	0	0
35	FORESTRY				
	General Fund	4,924,753	5,084,148	5,662,897	5,669,605
	State Special Revenue	2,227,271	2,447,067	2,707,610	2,722,028
	Federal/Private	857,232	1,186,637	1,244,745	1,290,924
	<b>Agency Totals</b>	<b>25,931,936</b>	<b>28,222,659</b>	<b>32,133,733</b>	<b>31,044,513</b>
5801	DEPARTMENT OF REVENUE				
01	DIRECTORS OFFICE				
	General Fund	1,983,567	2,790,719	2,480,736	2,388,508
	State Special Revenue	618	0	574	0
	Federal/Private	850	179,500	805	0
	Capital Projects	0		0	0
	Proprietary	0		137,746	137,746
02	INFORMATION TECHNOLOGY				
	General Fund	1,654,235	1,717,133	1,793,587	1,909,925
	Federal/Private	149,859	184,360	180,348	180,017
	Proprietary	0		318,537	318,537
05	RESOURCE MANAGEMENT				
	General Fund	710,838	899,600	1,044,695	1,043,206
	State Special Revenue		0	0	0
	Proprietary	0		198,009	198,009
06	CUSTOMER SERVICE AND INFO PROC				
	General Fund	3,835,212	3,947,467	0	0
	State Special Revenue	203,696	211,152	0	0
	Federal/Private	688,724	764,656	0	0
07	CORPORATION TAX				
	General Fund	0	0	0	0
	State Special Revenue		0	0	0
	Federal/Private		0	0	0
08	COMPLIANCE VALUATION AND RESOLUTION				
	General Fund	17,085,371	15,812,241	19,843,578	19,435,814
	State Special Revenue	31,102	73,251	251,874	251,624
	Federal/Private	1,094,076	1,201,529	1,860,660	1,857,503
	<b>Agency Totals</b>	<b>27,438,148</b>	<b>27,781,608</b>	<b>28,111,149</b>	<b>27,720,889</b>
6101	DEPARTMENT OF ADMINISTRATION				
02	GOVERNOR ELECT PROGRAM				
	General Fund	0		0	50,000
03	ACCOUNTING & MGMT SUPPORT PROG				
	General Fund	1,266,597	1,291,496	1,759,059	1,705,262

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	State Special Revenue	8,791	24,362	9,402	11,376
	Federal/Private	7,237	11,010	32,327	32,332
	Proprietary	37,000	83,078	40,307	36,745
04	ARCH & ENGINEERING PGM				
	State Special Revenue	863,428	963,424	1,026,144	1,023,076
	Capital Projects	0		0	0
06	PROCUREMENT & PRINTING DIV.				
	General Fund	457,067	469,204	496,228	494,895
	State Special Revenue	0		40,458	40,458
07	INFORMATION SERVICES DIVISION				
	General Fund	242,425	172,636	698,539	725,431
	Federal/Private			750,000	0
	Proprietary	0		0	0
08	GENERAL SERVICES PROGRAM				
	General Fund	235,319	250,154	477,060	459,030
	Capital Projects	65,694	308,801	0	0
	Proprietary	34,422		0	0
23	STATE PERSONNEL DIVISION				
	General Fund	1,027,601	2,422,507	1,161,556	1,157,018
37	STATE TAX APPEAL BOARD				
	General Fund	331,264	430,233	410,330	409,544
	<b>Agency Totals</b>	<b>4,576,845</b>	<b>6,426,905</b>	<b>6,901,410</b>	<b>6,145,167</b>
6102	<b>APPELLATE DEFENDER</b>				
01	APPELLATE DEFENDER				
	General Fund	139,343	168,176	0	0
	State Special Revenue	0		189,345	188,305
	<b>Agency Totals</b>	<b>139,343</b>	<b>168,176</b>	<b>189,345</b>	<b>188,305</b>
6201	<b>DEPARTMENT OF AGRICULTURE</b>				
15	CENTRAL MANAGEMENT DIVISION				
	General Fund	219,167	229,090	258,920	210,282
	State Special Revenue	282,478	320,808	340,593	333,325
	Federal/Private	88,128	88,463	100,246	98,711
	Proprietary	28,487	31,770	34,698	34,167
	Expendable Trust	0	9,021	0	0
30	AGRICULTURAL SCIENCES DIV.				
	General Fund	54,807	67,486	61,945	63,628
	State Special Revenue	4,015,138	4,282,377	4,944,854	4,832,952
	Federal/Private	376,663	713,960	570,303	570,735
50	AGRICULTURAL DEVELOPMENT				
	General Fund	213,825	220,099	1,797,368	1,763,168
	State Special Revenue	2,614,169	3,070,397	3,524,003	3,548,807
	Federal/Private	17,799	75,000	48,136	48,054
	Proprietary	212,055	218,460	250,382	250,560
	Expendable Trust		65,931	0	0
	<b>Agency Totals</b>	<b>8,122,716</b>	<b>9,392,862</b>	<b>11,931,448</b>	<b>11,754,389</b>
6401	<b>DEPT. OF CORRECTIONS</b>				
01	ADMIN AND SUPPORT SERVICES				
	General Fund	11,068,708	13,278,416	14,260,757	14,515,128
	State Special Revenue	4,444	3,132	3,879	1,368
	Federal/Private	0		66,890	31,673
	Capital Projects	0		0	0
	Proprietary	49,390	53,032	55,151	50,308
02	COMMUNITY CORRECTIONS				
	General Fund	25,328,487	26,551,969	31,726,444	32,954,099
	State Special Revenue	215,305	141,145	229,705	229,705
	Federal/Private	243,161	284,321	279,539	260,761
03	SECURE FACILITIES				

# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	General Fund	36,868,068	41,473,777	42,765,690	46,063,163
	State Special Revenue	1,118,170	1,204,455	1,369,815	1,370,363
	Federal/Private	226,350	227,246	268,072	321,341
04	MONT CORRECTIONAL ENTERPRISES				
	General Fund	785,606	882,557	924,505	935,385
	Proprietary	312,494	346,612	384,488	384,437
	<b>Agency Totals</b>	<b>76,220,183</b>	<b>84,446,662</b>	<b>92,334,935</b>	<b>97,117,731</b>
6501	DEPARTMENT OF COMMERCE				
02	WEIGHT & MEASURES BUREAU				
	State Special Revenue	575,292	625,798	632,463	619,985
36	BANKING & FINANCIAL DIVISION				
	State Special Revenue	1,137,364	1,341,471	1,524,920	1,541,955
39	POL BUREAU				
	State Special Revenue	4,114,305	4,921,051	5,750,853	5,069,467
	Proprietary		0	0	0
51	ECONOMIC DEVELOPMENT DIVISION				
	General Fund	964,907	994,200	2,913,561	2,929,661
	State Special Revenue	163,886	265,838	214,711	214,718
	Federal/Private	3,432,740	3,637,454	3,777,716	3,777,804
52	MONTANA PROMOTION DIVISION				
	State Special Revenue	649,999	650,000	745,939	750,000
60	COMMUNITY DEVELOPMENT BUREAU				
	General Fund	330,573	340,412	383,783	382,372
	State Special Revenue	730,376	2,098,157	1,898,904	1,595,771
	Federal/Private	6,662,580	6,854,363	8,320,963	8,315,918
62	LOCAL GOV'T. SERVICES BUREAU				
	General Fund	368,741	363,356	393,494	391,385
65	BUILDING CODES BUREAU				
	State Special Revenue	2,635,574	2,899,744	2,994,873	3,044,855
73	MT SCIENCE & TECH ALLIANCE				
	State Special Revenue	68,577	2,253,556	91,688	91,291
74	HOUSING DIVISION				
	Federal/Private	18,360,811	24,585,424	30,227,571	33,393,504
78	BOARD OF HORSE RACING				
	State Special Revenue	197,219	256,460	238,156	236,851
79	CONSUMER AFFAIRS				
	General Fund	113,699	127,135	154,125	149,901
	State Special Revenue	18,844	38,588	87,131	71,982
	<b>Agency Totals</b>	<b>40,525,487</b>	<b>52,253,007</b>	<b>60,350,851</b>	<b>62,577,420</b>
6602	LABOR & INDUSTRY				
01	JOB SERVICE DIVISION				
	General Fund	396,891	415,901	843,304	842,333
	State Special Revenue	5,421,903	5,315,289	7,046,575	7,039,027
	Federal/Private	19,366,536	19,966,755	23,506,124	23,665,109
	Proprietary	17,834	40,070	8,339	8,339
02	UNEMPLOYMENT INSURANCE DIV.				
	General Fund		26,036	0	0
	State Special Revenue	318,413	352,146	282,060	281,648
	Federal/Private	4,999,666	4,963,740	4,948,027	4,939,957
	Capital Projects	0		434,383	431,805
03	COMMISSIONER'S OFFICE/CSD				
	General Fund	105,973	104,951	169,364	168,901
	State Special Revenue	652,309	900,536	658,400	668,033
	Federal/Private	458,279	513,919	473,488	472,148
	Proprietary	95,716	154,282	38,357	38,252
04	EMPLOYMENT RELATIONS DIVISION				
	General Fund	577,151	634,593	1,375,145	1,473,734
	State Special Revenue	3,957,434	4,416,748	4,104,853	3,944,457



# AGENCY BUDGET SUMMARY HB2 ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
	Federal/Private	429,411	530,301	419,349	415,152
	Proprietary	670,024	808,502	-2,876	-3,239
07	MT COMMUNITY SERVICES				
	General Fund	16,454	36,294	43,895	43,894
	State Special Revenue	43,741	43,437	5,000	5,000
	Federal/Private	1,498,800	1,913,829	1,921,129	1,960,450
09	WORKERS COMPENSATION COURT				
	State Special Revenue	376,818	394,261	263,565	277,014
	<b>Agency Totals</b>	<b>39,403,353</b>	<b>41,531,590</b>	<b>46,538,481</b>	<b>46,672,014</b>
<b>6701</b>	<b>DEPT OF MILITARY AFFAIRS</b>				
01	OPERATIONS SUPPORT				
	General Fund	312,956	317,832	433,752	481,501
	State Special Revenue		620	0	0
	Federal/Private	32,393	37,177	33,636	33,405
12	ARMY NATIONAL GUARD PGM				
	General Fund	913,252	959,946	1,297,343	1,352,020
	State Special Revenue	16	49,198	25,000	25,000
	Federal/Private	2,700,615	2,762,835	3,386,868	3,395,909
13	AIR NATIONAL GUARD PGM				
	General Fund	194,335	203,235	212,209	210,888
	Federal/Private	1,705,181	1,672,977	1,820,267	1,812,549
21	DISASTER COORDINATION RESPONSE				
	General Fund	242,756	255,477	269,372	266,122
	State Special Revenue	18,746	23,000	18,804	18,791
	Federal/Private	1,107,932	1,377,807	1,225,269	1,216,383
31	VETERANS AFFAIRS PROGRAM				
	General Fund	616,803	640,703	715,855	643,225
	State Special Revenue	79,893	116,424	147,761	147,139
	<b>Agency Totals</b>	<b>7,924,878</b>	<b>8,417,231</b>	<b>9,586,136</b>	<b>9,602,932</b>
<b>6901</b>	<b>PUBLIC HEALTH &amp; HUMAN SERVICES</b>				
03	CHILD & FAMILY SERVICES DIV				
	General Fund	38,936,894	40,569,925	37,933,531	38,603,542
	State Special Revenue	7,148,779	8,053,567	7,279,820	7,304,886
	Federal/Private	76,001,561	95,493,080	128,198,467	108,805,780
04	DIRECTOR'S OFFICE				
	General Fund	610,492	581,944	652,620	649,959
	State Special Revenue	792,618	911,575	996,991	998,253
	Federal/Private	555,992	798,629	655,896	653,584
05	CHILD SUPPORT ENFORCEMENT				
	General Fund	0	8,500	242,367	254,379
	State Special Revenue	3,004,681	3,336,265	2,963,725	2,970,987
	Federal/Private	5,919,210	6,885,820	6,564,408	6,640,393
07	HEALTH & POLICY SERVICES DIV				
	General Fund	44,225,101	47,115,438	44,884,285	45,689,757
	State Special Revenue	9,584,638	10,223,122	9,984,487	10,179,450
	Federal/Private	151,758,059	172,368,965	170,637,972	178,922,033
08	DIVISION OF QUALITY ASSURANCE				
	General Fund	1,238,141	1,306,236	1,273,564	1,267,590
	State Special Revenue	373,658	377,125	408,850	415,677
	Federal/Private	3,517,623	3,571,908	3,778,812	3,768,904
09	OPERATIONS & TECHNOLOGY DIVISI				
	General Fund	9,679,962	7,472,779	10,403,881	10,433,260
	State Special Revenue	1,871,666	2,340,449	2,374,427	2,332,766
	Federal/Private	12,717,984	11,777,448	13,819,593	13,745,551
	Proprietary		240	0	0
10	DISABILITY SERVICES DIVISION				
	General Fund	39,474,390	41,078,665	40,828,823	41,054,554
	State Special Revenue	62,503	91,621	72,691	72,554

# **AGENCY BUDGET SUMMARY HB2 ALL FUNDS**

		<b>Actual FY98</b>	<b>Budget FY99</b>	<b>Request 2000</b>	<b>Request 2001</b>
	Federal/Private	42,971,111	45,756,821	55,289,742	59,216,241
22	<b>SENIOR &amp; LONG-TERM CARE SVCS</b>				
	General Fund	39,844,384	42,781,169	40,369,073	41,140,138
	State Special Revenue	2,557,338	2,389,875	2,659,568	2,636,004
	Federal/Private	105,953,342	119,072,276	116,668,527	121,788,080
33	<b>ADDICTIVE &amp; MENTAL DISORDERS</b>				
	General Fund	44,888,301	45,347,343	45,904,732	47,113,945
	State Special Revenue	21,487,273	22,652,267	18,506,684	18,158,318
	Federal/Private	39,176,032	41,533,152	44,805,821	47,702,992
	<b>Agency Totals</b>	<b>704,351,733</b>	<b>773,896,204</b>	<b>808,159,357</b>	<b>812,519,577</b>
	<b>All Agencies</b>	<b>2,087,257,867</b>	<b>2,263,164,833</b>	<b>2,485,937,513</b>	<b>2,465,299,511</b>

<b>Statewide Totals</b>		<b>Actual FY98</b>	<b>Budget FY99</b>	<b>Request 2000</b>	<b>Request 2001</b>
	General Fund	968,042,241	999,226,245	1,028,417,159	1,040,391,826
	State Special Revenue	325,876,167	395,084,309	381,468,413	356,465,182
	Federal/Private	791,088,462	865,751,351	1,073,318,890	1,065,744,534
	Capital Projects	65,694	308,801	434,383	431,805
	Proprietary	2,185,303	2,719,175	2,298,668	2,266,164
	Expendable Trust	0	74,952	0	0
	<b>All Agencies</b>	<b>2,087,257,867</b>	<b>2,263,164,833</b>	<b>2,485,937,513</b>	<b>2,465,299,511</b>

## **SUPPLEMENTAL APPROPRIATIONS RECOMMENDATIONS**

- \$12,933,856 general fund and \$691,130 state special revenue for supplemental appropriations are budgeted and summarized below
- **HB3** contains most supplemental recommendations
- **HB16** provides the supplemental to enable State Capitol renovation relocation

### ***General Government and Transportation – Section A***

**Judiciary** – The Supreme Court of Montana requests \$485,000 general fund in FY 1999 to fund the judges' retirement system. The Fifty-fifth Legislature authorized HB170, which increased the state general fund contribution rate from 6% to 25.81% and deposited the district court and supreme court fee revenue in the general fund. The legislature added \$175,000 per year to HB2 and provided \$500,000 for FY 1998 from the Montana Board of Science and Technology, but did not fund the retirement account for FY 1999.

The Supreme Court of Montana requests \$691,130 state special revenue for the District Court Reimbursement Program. There is statutory authority in 3-5-901, MCA, for the judiciary to assume certain district court expenses, but subsection (3)(a) of that section is not clearly written to appropriate funds for "grants to district courts". Legislation will be submitted to clarify the law. However, the supplemental is required to pay counties for the current biennium.

**Commissioner of Political Practices** - Legal expenses exceed budgeted amounts by \$167,400 general fund, including approximately \$70,000 for state court actions arising from the 1996 ballot issue I-122 and more than \$52,000 for two federal district court cases related to the 1994 limits on contributions passed in I-118 and the 1996 corporate contributions restrictions passed in I-125.

**Department of Administration** – General Services Division is budgeted for \$266,400 general fund in HB16 for the State Capitol renovation relocation costs. The most significant costs are telecommunications at \$127,729 for staff being relocated and rent differential at \$85,074 to pay for the Governor and Lt. Governor and their staff in the USF&G building and other staff in the Federal Building. Most telecommunications expense will be an investment for reuse by other state employees after the Capitol renovation is completed.

### **Natural Resources and Commerce – Section C**

**Department of Natural Resources and Conservation** – The total supplemental for fire suppression is projected to be \$11,702,203 general fund of which about \$1.3 million will be reimbursable to the general fund. The Forestry Program expends its general fund operating budget for the support of all fire activity under its jurisdiction. The fire suppression agreements with the U.S. Forest Service, Bureau of Land Management and county areas provide that the state incurs the costs, knowing that the program will be reimbursed through a supplemental general fund request and that the other fire fighting entities also will reimburse costs at a later date. The supplemental request will be updated in January when HB3 is heard.

### **Public Safety and Justice – Section D**

**Department of Justice** – The \$500,000 restricted biennial appropriation for major litigation will likely be exceeded by \$75,737 general fund. The balance of the biennial appropriation was \$124,000 the end of September and the largest potential expenses in major litigation cases include \$125,000 for abortion cases, \$30,000 for the State Board of Land Commissioners case, \$20,000 for Crow Coal litigation, and smaller amounts for other cases.

**Department of Labor and Industry** – The Human Rights Program supplemental is \$237,116 general fund to provide operating costs for the positions authorized at the end of the last session; lost federal funding due to the US Department of Housing and Urban Development taking action to decertify Montana as a substantially equivalent state based on the changes in SB350; and costs of restructuring the program.

# STATUTORY APPROPRIATIONS ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
<b>2110 JUDICIARY</b>					
07	DISTRICT COURT REIMBURSEMENT				
	General Fund	0		0	0
	State Special Revenue	5,459,935	4,700,000	5,998,234	5,998,246
	<b>Agency Totals</b>	<b>5,459,935</b>	<b>4,700,000</b>	<b>5,998,234</b>	<b>5,998,246</b>
<b>3401 STATE AUDITORS OFFICE</b>					
06	LOCAL ASSISTANCE TO COUNTIES				
	General Fund	11,384,374	12,534,708	12,430,900	13,081,500
08	FOREST RES & FPGA TO COUNTIES				
	Federal/Private	8,634,448	9,837,500	9,000,000	9,000,000
	<b>Agency Totals</b>	<b>20,018,822</b>	<b>22,372,208</b>	<b>21,430,900</b>	<b>22,081,500</b>
<b>4110 DEPARTMENT OF JUSTICE</b>					
01	LEGAL SERVICES DIVISION				
	State Special Revenue	70,297	50,000	75,000	75,000
07	GAMBLING CONTROL DIVISION				
	State Special Revenue	26,488,554	28,266,500	28,257,548	28,257,287
12	MOTOR VEHICLE DIVISION				
	General Fund	281,225	300,000	300,000	300,000
18	DIVISION OF CRIMINAL INVESTIGATION				
	State Special Revenue		4,203	0	0
28	CENTRAL SERVICES DIVISION				
	State Special Revenue	37,199	105,243	125,000	125,000
	Federal/Private	89,831	125,000	125,000	125,000
32	FORENSIC SCIENCE DIVISION				
	State Special Revenue		15,554	0	0
	<b>Agency Totals</b>	<b>26,967,106</b>	<b>28,866,500</b>	<b>28,882,548</b>	<b>28,882,287</b>
<b>5102 COMMISSIONER OF HIGHER ED</b>					
09	APPROPRIATION DISTRIBUTION				
	State Special Revenue	491,212	520,000	491,212	491,212
	<b>Agency Totals</b>	<b>491,212</b>	<b>520,000</b>	<b>491,212</b>	<b>491,212</b>
<b>5113 SCHOOL FOR THE DEAF &amp; BLIND</b>					
04	EDUCATION				
	General Fund	3,017		3,017	3,017
	State Special Revenue	83,477	91,994	83,479	83,479
	<b>Agency Totals</b>	<b>86,494</b>	<b>91,994</b>	<b>86,496</b>	<b>86,496</b>
<b>5117 HISTORICAL SOCIETY</b>					
01	ADMINISTRATION PROGRAM				
	State Special Revenue	185,992	141,003	186,519	186,146
07	HERITAGE COMMISSION				
	State Special Revenue	487,133	402,231	462,105	462,258
	<b>Agency Totals</b>	<b>673,125</b>	<b>543,234</b>	<b>648,624</b>	<b>648,404</b>
<b>5201 DEPT OF FISH, WILDLIFE &amp; PARKS</b>					
06	PARKS DIVISION				
	State Special Revenue	418,822	467,726	605,125	603,320
	<b>Agency Totals</b>	<b>418,822</b>	<b>467,726</b>	<b>605,125</b>	<b>603,320</b>
<b>5301 DEPT. OF ENVIRONMENTAL QUALITY</b>					
40	REMEDIATION DIVISION				
	State Special Revenue		190,000	0	0
90	PETRO TANK RELEASE COMP. BOARD				
	State Special Revenue	3,840,767	6,000,000	5,663,788	5,662,760
	<b>Agency Totals</b>	<b>3,840,767</b>	<b>6,190,000</b>	<b>5,663,788</b>	<b>5,662,760</b>

# STATUTORY APPROPRIATIONS ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
<b>5401</b>	<b>DEPARTMENT OF TRANSPORTATION</b>				
01	GENERAL OPERATIONS PROGRAM				
	State Special Revenue	16,736,115	16,739,137	16,740,122	16,740,036
02	CONSTRUCTION PROGRAM				
	State Special Revenue	54,000	54,000	54,000	54,000
40	AERONAUTICS PROGRAM				
	State Special Revenue	221,100	225,000	221,100	221,100
	<b>Agency Totals</b>	<b>17,011,215</b>	<b>17,018,137</b>	<b>17,015,222</b>	<b>17,015,136</b>
<b>5603</b>	<b>DEPARTMENT OF LIVESTOCK</b>				
06	INSPECTION & CONTROL PROGRAM				
	State Special Revenue	500	500	500	500
	<b>Agency Totals</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>5706</b>	<b>DEPT NAT RESOURCE/CONSERVATION</b>				
04	TRUST LAND MANAGEMENT DIVISION				
	Federal/Private	11,174		0	0
21	CENTRALIZED SERVICES				
	General Fund	551,087	560,578	551,087	551,087
22	OIL & GAS CONSERVATION DIV.				
	State Special Revenue	14,724	185,279	100,000	100,000
23	CONSERVATION/RESOURCE DEV DIV				
	State Special Revenue		30,600	0	0
24	WATER RESOURCES DIVISION				
	General Fund	11,269		0	0
	Federal/Private	18,409		0	0
	<b>Agency Totals</b>	<b>606,663</b>	<b>776,457</b>	<b>651,087</b>	<b>651,087</b>
<b>5801</b>	<b>DEPARTMENT OF REVENUE</b>				
02	INFORMATION TECHNOLOGY				
	State Special Revenue	0		0	0
05	RESOURCE MANAGEMENT				
	State Special Revenue	3,876,970	3,993,000	3,876,970	3,876,970
06	CUSTOMER SERVICE AND INFO PROC				
	State Special Revenue	731	1,500	1,500	1,500
08	COMPLIANCE VALUATION AND RESOLUTION				
	General Fund	12,843,383	12,900,000	12,843,451	12,843,451
	State Special Revenue	35,212,899	37,381,368	35,212,831	35,212,831
	<b>Agency Totals</b>	<b>51,933,983</b>	<b>54,275,868</b>	<b>51,934,752</b>	<b>51,934,752</b>
<b>6101</b>	<b>DEPARTMENT OF ADMINISTRATION</b>				
03	ACCOUNTING & MGMT SUPPORT PROG				
	General Fund	9,537,798	16,212,643	18,358,750	22,342,184
	Federal/Private	237,887	250,000	237,887	237,887
	Capital Projects	303,873	420,502	503,788	500,201
07	INFORMATION SERVICES DIVISION				
	State Special Revenue	2,060,961	3,154,678	3,958,108	4,096,934
24	RISK MANAGEMENT & TORT DEFENSE				
	State Special Revenue	15,839	210,913	802,856	802,856
	Proprietary	15,839		0	0
	<b>Agency Totals</b>	<b>12,172,197</b>	<b>20,248,736</b>	<b>23,861,389</b>	<b>27,980,062</b>
<b>6201</b>	<b>DEPARTMENT OF AGRICULTURE</b>				
30	AGRICULTURAL SCIENCES DIV.				
	State Special Revenue	0	20,000	0	0
50	AGRICULTURAL DEVELOPMENT				
	State Special Revenue	137,850	137,850	137,850	137,850
	Proprietary	1,932,971	5,027,971	1,932,971	1,932,971
	Expendable Trust		25,164	0	0
	<b>Agency Totals</b>	<b>2,070,821</b>	<b>5,210,985</b>	<b>2,070,821</b>	<b>2,070,821</b>

# STATUTORY APPROPRIATIONS ALL FUNDS

		Actual FY98	Budget FY99	Request 2000	Request 2001
<b>6501</b>	<b>DEPARTMENT OF COMMERCE</b>				
39	POL BUREAU				
	State Special Revenue	0	100,000	100,000	100,000
51	ECONOMIC DEVELOPMENT DIVISION				
	State Special Revenue	200,000	201,379	200,000	200,000
52	MONTANA PROMOTION DIVISION				
	State Special Revenue	8,943,849	8,855,000	9,227,548	9,358,449
60	COMMUNITY DEVELOPMENT BUREAU				
	State Special Revenue	627,517	560,000	1,603,273	800,899
75	BOARD OF INVESTMENTS				
	Proprietary	2,800,032	3,450,000	3,500,000	3,500,000
77	MONTANA STATE LOTTERY				
	Proprietary	16,971,261	16,852,000	17,189,040	17,532,820
	<b>Agency Totals</b>	<b>29,542,659</b>	<b>30,018,379</b>	<b>31,819,861</b>	<b>31,492,168</b>
<b>6602</b>	<b>LABOR &amp; INDUSTRY</b>				
04	EMPLOYMENT RELATIONS DIVISION				
	State Special Revenue	0		846,665	846,665
	Proprietary	1,087,163	955,000	239,930	239,930
	<b>Agency Totals</b>	<b>1,087,163</b>	<b>955,000</b>	<b>1,086,595</b>	<b>1,086,595</b>
<b>6701</b>	<b>DEPT OF MILITARY AFFAIRS</b>				
21	DISASTER COORDINATION RESPONSE				
	Federal/Private	191,230	61,638	0	0
50	DISASTER FUND				
	General Fund	357,252	1,198,133	0	0
	Federal/Private	4,607,941	1,975,186	0	0
	<b>Agency Totals</b>	<b>5,156,423</b>	<b>3,234,957</b>	<b>0</b>	<b>0</b>
<b>6901</b>	<b>PUBLIC HEALTH &amp; HUMAN SERVICES</b>				
03	CHILD & FAMILY SERVICES DIV				
	State Special Revenue		57,000	0	0
	Federal/Private	119,141	207,329	119,141	119,141
10	DISABILITY SERVICES DIVISION				
	State Special Revenue	878,047	1,077,905	1,089,981	1,092,561
33	ADDICTIVE & MENTAL DISORDERS				
	General Fund	0		0	0
	State Special Revenue	10,805,908	2,555,453	2,910,452	2,909,152
	<b>Agency Totals</b>	<b>11,803,096</b>	<b>3,897,687</b>	<b>4,119,574</b>	<b>4,120,854</b>
	<b>All Agencies</b>	<b>189,341,003</b>	<b>199,388,368</b>	<b>196,366,728</b>	<b>200,806,200</b>
<b>Statewide Totals</b>		<b>Actual FY98</b>	<b>Budget FY99</b>	<b>Request 2000</b>	<b>Request 2001</b>
	General Fund	34,969,405	43,706,062	44,487,205	49,121,239
	State Special Revenue	117,350,398	116,495,016	119,031,766	118,497,011
	Federal/Private	13,910,061	12,456,653	9,482,028	9,482,028
	Capital Projects	303,873	420,502	503,788	500,201
	Proprietary	22,807,266	26,284,971	22,861,941	23,205,721
	Expendable Trust		25,164	0	0
	<b>All Agencies</b>	<b>189,341,003</b>	<b>199,388,368</b>	<b>196,366,728</b>	<b>200,806,200</b>

## BUDGET BACKGROUND INFORMATION

### Inflation/Deflation

The following objects of expenditures (O/Es) have been inflated/deflated in all agency budgets *from the FY 1998 base* amounts due to the new recommended amounts/rates:

<u>O/E</u>	<u>Name</u>	<u>FY2000</u>	<u>FY2001</u>	<u>Primary Reason</u>
2172	- Computer Processing/DofA	0.810%	0.830%	ISD efficiencies create reduction
2194	- SBAS On-Line Entry & Edit	0.000%	0.000%	Eliminate--in MT PRRIME cost
2304	- Postage & Mailing	1.045%	1.045%	US Post Office increase
2370	- Telephone Equip/DoA	1.157%	1.157%	5 year OTO software replacement
2404	- In-State Motor Pool	1.347%	1.269%	One rate for single vehicles
2510	- Motor Pool Leased Vehicles	1.347%	1.269%	Accounting change for vehicles

These six adjustments compare with 45 adjustments for the 1999 biennium budget. No other inflation or deflation is included in the adjusted base budgets for FY 2000 and FY 2001. Agency requests for other changes to the adjusted base budget were submitted in decision packages (DPs), which will be listed individually in separate tables for legislative action in the Legislative Fiscal Division analysis of the budget.

### Fixed Costs

Agencies will be billed in the 2001 biennium consistent with the amounts budgeted for the following objects of expenditures, although there are exceptions, notably network fees which are based on the number of devices actually on the system.

- 2104 - Insurance and bonds
- 2113 - Warrant writing fees
- 2114 - Payroll service fees
- 2122 - Audit fees
- 2148 - MT PRRIME fees
- 2174 - DofA data network fees
- 2307 - Messenger services
- 2527 - Rent - DofA buildings
- 2770 - Grounds maintenance - FWP
- 2875 - MT PRRIME Bond Costs
- 2895 - State Funds Cost Allocation Plan (SFCAP)

The manner in which each of these objects were adjusted in the budget is summarized below.

### Insurance

- The state self insures for property losses under \$150,000 (Prison < \$250,000).
- Insurance Unit budget increases 8.37% for FY 2000 over FY 1998 due to overall premium increase of 5.07% for FY 2000 over FY 1998, plus a 3.3% increase due to general fixed costs, 1.00 new FTE, and new rental space.
- Expansion of government property, especially in the university areas, and replacement values for increased property values are prominent reasons for the insurance increases.
- FY 1998 Actual: \$3,725,293      FY 2000 Budgeted: \$4,037,236      FY 2001 Budgeted: \$4,000,180

### Warrant Writer

- Check writing and auto-deposit capabilities for two million annual transactions are provided to state agencies. The service is charged out and projected based on historical demand.
- FY 1998: \$747,648      FY 2000 distributed costs: \$677,203      FY 2001 distributed costs: \$671,442

## **BUDGET BACKGROUND INFORMATION**

### **Payroll Service**

- Payroll processing for 11,500 state employees has projected operating expenses of \$374,677 in FY 2000 and \$335,413 in FY 2001.
- State agencies will pay \$308,746 each year of the biennium for this service.
- Payroll service costs are reduced as a result of MT PRRIME implementation.
- FY 1998 Actual: \$603,481.

### **Audit**

- Total statewide financial compliance audit costs for the 2001 biennium are \$2,654,490.
- Biennium financial compliance audit costs for the 1999 biennium were \$2,673,443

### **MT PRRIME Costs**

- Two functional costs to finance the Montana Project to Reengineer the Revenue and Information Management Environment (MT PRRIME) have been distributed to state agency budgets: the costs to finance the bonds and the costs to maintain the uniform central management system environment.
- In March 1998, there were \$16.5 million of bonds sold for MT PRRIME and \$3.8 million for the Revenue Processing Center, with first bond payments due in FY 1999. The Revenue Processing Center bonds are not distributed to agency budgets.
- The \$16.5 million bond obligation was distributed to agency budgets in object 2875: \$2,506,518 in FY 2000 and \$2,490,067 in FY 2001.
- The MT PRRIME operations bureau will maintain the uniform central management system with total budgeted operating expenses of \$3,233,589 in FY 2000 and \$3,303,270 in FY 2001. The PeopleSoft maintenance contracts at \$553,350 and \$581,018 each year, respectively, are budgeted with general fund. State agencies will pay the remaining \$2,680,239 in FY 2000 and \$2,722,252 in FY 2001 in fixed costs using all funds proportionately.
- The 1997 Legislature was told that MT PRRIME would produce efficiencies and a probable workforce reduction of 68.00 FTE. Because it was determined that it is too early to make specific FTE reductions, especially since both the legacy accounting SBAS and personnel PPP systems are operating simultaneously with MT PRRIME for a portion of the biennium, the budget office offset the general fund portion of the debt service equivalent to 68.00 FTE and the operation bureau costs. Total general fund reductions in the agency budgets are \$1,324,964 in FY 2000 and \$1,327,499 in FY 2001.

### **Data Network Fees**

- The amount for network fees is the number of agency network devices that will be in use in FY 2000 and FY 2001 times \$67.50 each month.

### **Messenger Service**

- Mail sorting, outgoing pickup and incoming mail delivery to all state agencies within the Helena metropolitan area is a budgeted cost, then distributed as a fixed cost to customer agencies, based upon volume, number of holdouts (similar to a post office box) and number of deliveries. The distributed fixed costs are \$163,704 each year of the biennium, compared with \$157,157 approved by the 55<sup>th</sup> Legislature for each year of the 1999 biennium.

### **Department of Administration Rent**

- Agencies within the Capitol complex will pay \$5.308 and \$5.548 per square foot for office space in FY 2000 and FY2001, respectively, as compared to \$4.616 and \$4.789 in the 1999 biennium.
- The increase is due to a 13% increase in property insurance rates, a 17% increase in janitorial, electrical, and mechanical contracts, \$100,000 added for day-care space, and the fact that no capitol land grant money was included to pay for the common Capitol complex space. The capitol land grant money is being used for a portion of the Capitol renovation in HB5.
- Warehouse space is budgeted at \$2.12 per square foot (psf) each year of the 2001 biennium which is \$.10 lower psf than in the 1999 biennium.



## **BUDGET BACKGROUND INFORMATION**

### **Grounds Maintenance**

- Capitol grounds maintenance, snow removal, and water charges are paid by Capitol complex agencies at a rate of \$.3446 psf of rented office space. This rate has not changed from the 1999 biennium.

### **SFCAP (State Fund Cost Allocation Plan)**

- The costs of certain general government services financed from the general fund are recovered from nongeneral and nonfederal funded programs. Office of Budget and Program Planning, Accounting Principles and Financial Reporting Sections, the Treasury, the Classification Unit, Labor Relations Unit and Administration/Policy Unit of Personnel Division of DofA services are allocated. The allocation is a two-step process: 1) allocation to each state agency for the cost center budget based on indirect measures of workload generated by that agency; and 2) allocation by fund type. General fund and federal funds are excluded from the cost recovery. The cost recovery flows into the general fund.
- Total amount allocated to nongeneral and nonfederal programs under object of expenditure 2895 is \$577,115 in FY 2000 and \$582,761 in FY 2001.

### **SWCAP (Statewide Cost Allocation Plan)**

- The costs of certain general government services are recovered from federal funds through a negotiated cost allocation agreement with the federal government.

### **State Building Energy Conservation Program**

- The Department of Environmental Quality (DEQ) manages the State Building Energy Conservation Program to reduce operating costs in state facilities by identifying and funding cost-effective energy-efficiency improvements.
- Agencies that have completed or substantially completed projects incorporated savings into their budgets of \$1,712,620 in the 2001 biennium. A total of \$4,798,868 in utility cost savings has been realized through this program since its inception in FY 1994.
- Details of this program are in HB12 and Section F, Long-Range Planning.

### **Accounting Change for Equipment**

- Minor equipment and other fixed assets, in accordance with federal guidelines, are now categorized as operating expenditures when they are less than \$5,000. The state has adopted the same capitalization threshold.
- Therefore, starting in the 1999 biennium, all minor equipment and other fixed assets with less than a \$5,000 purchase price are budgeted as operating expenditures under the appropriate expenditure category.

### **Vacancy Savings**

- 3% vacancy savings was applied to all agencies except those with fewer than 20.00 FTE, to elected officials per se, to the secure care personnel of the Department of Corrections, and to university system faculty.
- The vacancy savings generated \$11,825,390 in FY 2000 and \$11,761,277 in FY 2001 for a total of \$23.587 million towards the recommended pay plan for the 2001 biennium.
- HB13 pay plan bill also includes a small personal services contingency account of \$350,000 general fund and \$300,000 other funds each year of the biennium.

### **Agency Mission, Goals and Objectives**

- The mission for each state agency is printed as part of the budget.
- Goals and objectives also are required in accordance with 17-7-111(3)(c), MCA, and are available by agency upon request from the OBPP, Room 236 State Capitol.

### **Analysis of Receipts by Accounting Entity**

- The analysis of receipts by accounting entity required by 17-7-124, MCA, is available on request from the OBPP, Room 236 State Capitol.

## ECONOMIC OVERVIEW

The State of Montana's ability to finance the demands for state and local services, and the increasing needs for additional services, is dependent on the performance of the state, national and world economies. These conditions affect the revenues available to provide services, the cost of their provision and the demand for services.

The general fund revenue estimates were prepared by the executive branch revenue estimation team for use in balancing the executive budget. State law requires the Revenue Oversight Committee to adopt a set of revenue assumptions for use in funding legislative deliberations. The committee acted on their estimates November 13, 1998. The executive estimates were presented to the committee as a reasonable and conservative set of estimates used in the executive budget.

The following provides an overview of the key economic assumptions implicit in the executive revenue estimates. Additional detail is provided in the executive branch general fund revenue estimating book.

**Personal Income** – Personal income is the most commonly used measure of state economic performance. It is intended to measure the total income of the state residents from wages and salaries; interest and dividends; rental receipts; farm income; and transfer payments. Key components of personal income provide insights about the level of the personal income tax base and the ability of the state residents to consume taxable services. Total wage and salary income, the largest component of personal income and the income tax base, is assumed to grow by approximately 4.3% for calendar year 1998, then decline to 4.0% in 1999. In calendar year 2000, wage and salary growth is expected to moderately recover to levels realized in the early to mid-1990s or about 4.6 %.

Income assumptions reflect the concern that the state should continue to be cautious in estimating revenue and adding new on-going expenditures to the budget. This concern is related to statewide economic growth levels and the current status of the world economy, which also directly impacts Montana. This is evident from the recent decline in world demand for farm and other Montana products, such as timber and paper. In addition, national corporate income projections have declined sharply over the past six months as reported by Wharton Economic Forecasting Associates (WEFA).

**Income Tax Simulation Base** – The individual income tax estimates are based on calendar year 1997 returns and projected growth rates. The projected growth rates used are WEFA if the variable is more "national" in nature and Montana-specific if the variables are less influenced by national changes. Some growth rates such as credits are based on the expected growth of the full-year resident population.

**Employment** – Total employment is projected to increase by an average 2.2% per year from 1997 to 2001, representing an annual average increase of approximately 12,750 jobs per year. Employment growth is anticipated to slow in 1998 and 1999 then pick up slightly in 2000 and 2001. The average projected growth rate is less than the 1990-1997 historical annual growth rate of 2.9% and is attributable to the declining statewide economy and the turndown in foreign demand for Montana products.

**Corporate Profits** – Estimates of corporate profits are being revised downward by economic forecasters. Wharton Economic Forecasting Associates (WEFA) decreased their national corporate profit projections by approximately 9% between the August and September 1998 estimates. Nationally corporate profits were down about 2% when measured for the early part of 1998. Corporate license tax revenue is a very volatile source of revenue for Montana and the revenue estimates are adjusted to reflect declining corporate profits. The sale of the utility generation assets should produce a one-time capital gain in FY 2000 of approximately \$30 million.

**Property Tax** – The property tax base of Montana continues to increase at a steady rate of 2.6% per year. This growth is due to class four (residential and commercial real) property which is estimated to grow 3.4% in each of the next two years (under SB195). Class four property now comprises 49% of the statewide taxable value. The next largest classes of property are utilities (25.5%) and business equipment (10.5%).

**Interest Rates** – Recent actions by the Federal Reserve indicate a growing concern about the world economy and the need to use monetary policy to stabilize the American economy. As a result, interest rates are projected to decrease in the short term with moderate recovering rates by the year 2000. The interest rate forecasts prepared by WEFA form the basis of all interest rate related revenue projections in the executive budget.

## ECONOMIC OVERVIEW

Short-term interest rates, which primarily affect earnings of short-term investments that includes the treasury cash account, are expected to remain stable throughout the biennium, averaging approximately 5.65%. However, the treasury cash account interest earning are expected to decline significantly from FY 1998 levels. This is primarily due to a lower balance available for investing.

Blended long-term rates are forecast to decrease in the earlier years of the forecast period and recover moderately by end of 2000. For example, the average rate for 30-year Treasuries is expected to decrease from a FY 1997 level of 6.6% to 5.5% in FY 1998 prior to increasing in FY 2000 to 5.6%. Thus, the school interest and income account and coal trust interest earning account funds which are invested for longer terms are expected to maintain their interest earning with the account balance increases and minor changes in the interest rates.

The relatively high interest rates experienced during the last few years have resulted in significant revenues to the state. The interest earning will continue to be a significant contributor to the general fund in the 2001 biennium as the fund balances are maintained and interest begins to increase in the later years of the forecast period.

**Natural Resource Extraction** – Montana has historically enjoyed significant revenues from the extraction of natural resources. While this revenue has declined significantly from the levels of the 1980s due to production, price, and/or tax rate reductions, natural resources taxes are still an important source of state and local revenue. However, the production and price are both at low levels and overall do not have a projected recovery in the forecast period.

## GENERAL FUND REVENUE ESTIMATES

<u>Revenue Source</u>	<u>FY98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
<i>Income/Profit Taxes</i>				
Individual Income Tax	444.161	457.703	475.687	496.634
Corporation License Tax	69.725	66.945	94.606	64.000
<i>Property Tax</i>				
Property Tax Revenue	202.351	203.419	209.351	216.579
Rail Car Tax	2.054	2.073	2.052	2.056
Inheritance Tax	15.727	15.265	16.031	17.121
<i>Interest Income</i>				
Interest & Income	41.130	41.503	42.460	42.416
Coal Trust Interest Earnings	40.746	40.528	41.022	41.941
TCA Interest Earnings	17.759	14.920	14.621	14.733
<i>Health Revenue</i>				
Insurance Tax	36.813	37.342	38.141	39.209
Institutional Reimbursements	10.335	11.313	9.697	10.041
Nursing Facilities Fee	6.200	6.138	6.077	6.016
<i>Natural Resource Revenue</i>				
U.S. Mineral Royalties	22.241	18.698	18.829	18.317
Oil & Natural Gas Severance Tax	9.120	8.700	9.072	9.289
Coal Severance Tax	8.849	8.854	8.480	8.041
Electrical Energy Tax	4.402	4.126	4.146	4.171
Long Range Bond Excess	1.746	0.456	0.432	0.410
Metal Mines Tax	2.307	2.850	3.779	3.546
<i>Other Taxes</i>				
Other Revenue	25.914	29.370	18.284	18.564
Telephone Tax	5.773	6.048	6.336	6.638
Contractors Gross Receipts	2.291	2.718	3.105	3.537
Investment Licenses	4.086	4.348	4.655	4.962
<i>Vehicle Fees</i>				
Motor Vehicle Fees	10.778	10.849	11.097	11.345
Highway Patrol Fines	3.801	3.951	4.101	4.251
Driver's License Fee	2.828	2.663	2.290	2.171
<i>Choice Taxes</i>				
Video Gaming License Fee	12.256	12.748	13.389	14.030
Lottery	6.566	6.339	6.136	6.332
Cigarette Tax	9.544	9.676	9.810	9.946
Tobacco Tax	1.779	1.874	1.988	2.104
Liquor Excise Tax	6.412	6.538	6.669	6.803
Liquor Profits	5.400	5.744	5.686	5.827
Wine Tax	0.930	0.967	1.016	1.064
Beer Tax	0.358	0.352	0.359	0.362
<b>Total General Fund</b>	<b>1034.382</b>	<b>1045.018</b>	<b>1089.404</b>	<b>1092.456</b>

## PROPRIETARY FUNDS DESCRIPTION

Statute does not require enterprise or internal service funds to conform to the same budget development terms and procedures as other funds appropriated by the legislature. In most cases, planned expenditures by the agencies responsible for these accounts are not reviewed or appropriated in the legislative process.

However, the executive is required by section 17-7-123, MCA, to submit as part of the budget to the legislature "a report on: enterprise funds, including retained earnings and contributed capitol, projected operations and charges, and projected fund balances; and (b) fees and charges in the internal service fund type, including changes in the level of fees and charges, projected use of the fees and charges, and projected fund balances..."

Such reports are uniformly compiled and are presented in this section: Proprietary Funds Accounting Entity Tables.

The enterprise funds (typically accounting entities "060xx") account for operations that are finance and operated in a manner similar to private enterprise where the intent is to provide goods or services to the general public. Each agency that manages an enterprise fund is prepared to justify and provide documentation for the charges.

The internal service funds (typically accounting entities "065xx") account for the financing of goods or services provided by one agency to other agencies of state government. Per 17-7-123 (6)(b), MCA, "Fees and charges in the internal service fund type must be approved by the legislature in the general appropriations act. Fees and charges in a biennium may not exceed the level approved by the legislature in the general appropriation act effective for that biennium." The internal service accounting entity tables have listed the rates upon which the legislature must act. Agencies calculated these rates by considering federal guidelines, OMB Circular A-87, since these must apply to federal programs; considering any adjustments to their future operations (known as present law and new proposals in HB 2 terminology); and considering cash flow, working capitol needs, and current and projected fund equity.

The accounting entity (A/E) tables follow in agency numerical order.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06019	Search/Research	Judiciary	2110	Law Library

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings					0	0	0	0
Increases								
Fee Revenue					3716	26000	26000	26000
Investment Earnings								
Transfers In								
Miscellaneous, operating								
Miscellaneous, other								
Total Increases	0	0	0	0	3716	26000	26000	26000
(Decreases)								
Personal Services								
Operations					3716	26000	26000	26000
Transfers Out								
Miscellaneous, operating								
Miscellaneous, other								
Total Decreases	0	0	0	0	3716	26000	26000	26000
Adjustments to Beginning Retained Earnings								
Ending Retained Earnings	0	0	0	0	0	0	0	0
Total Contributed Capital								
Total Fund Equity								
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	0	619	4,333	4,333	4,333

Information on 06019, Law Library Searches/Research, an Enterprise fund (primary service to outside state government!):

The law library staff performs on-line searches/research for public and private entities. The law library is billed by the on-line provider for the air time and the law library, in turn, bills the entity requesting the search/research, collects the money

# Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06053	SEC. OF ST. BUSINESS SERVICES	3201	SECRETARY OF STATES OFFICE	Bus & Gov't Services

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	432,687	338,038	416,089	753,945	1,056,379	596,631	357,200
Increases								
Fee Revenue	1,664,957	1,613,849	1,742,615	1,824,747	1,975,218	1,900,789	1,954,283	1,933,233
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	1,498	1,190	46,228	3,633	2,964	87,233		
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>1,666,455</b>	<b>1,615,039</b>	<b>1,788,843</b>	<b>1,828,380</b>	<b>1,978,182</b>	<b>1,988,022</b>	<b>1,954,283</b>	<b>1,933,233</b>
(Decreases)								
Personal Services	756,722	742,506	938,114	903,728	1,001,344	1,188,737	1,187,122	1,209,651
Operations	477,046	530,454	708,086	610,322	790,400	1,259,033	1,006,592	1,079,010
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>1,233,768</b>	<b>1,272,960</b>	<b>1,646,200</b>	<b>1,514,050</b>	<b>1,791,744</b>	<b>2,447,770</b>	<b>2,193,714</b>	<b>2,288,661</b>
Adjustments to Beginning Retained Earnings	0	(436,728)	(64,592)	23,526	115,996			
<b>Ending Retained Earnings</b>	<b>432,687</b>	<b>338,038</b>	<b>416,089</b>	<b>753,945</b>	<b>1,056,379</b>	<b>596,631</b>	<b>357,200</b>	<b>1,772</b>
Total Contributed Capital	27,478	27,478	175,825	175,825	0			
<b>Total Fund Equity</b>	<b>460,165</b>	<b>365,516</b>	<b>591,914</b>	<b>929,770</b>	<b>1,056,379</b>	<b>596,631</b>	<b>357,200</b>	<b>1,772</b>
Unreserved Fund Balance								
60 Days of Expenses	205,628	212,160	274,367	252,342	298,624	407,962	365,619	381,444

Various rates are currently published in ARMs or established by the Secretary of State Office, that allow for continued support of the office. There is no anticipated fee change in any category.

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06556	SEC. OF STATE INTERNAL SERV	3201	SECRETARY OF STATES OFFICE	Bus & Gov't Services

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(98,481)	(23,289)	5,198	11,820	(33,404)	102,473	90,006	37,506
Increases								
Fee Revenue	496,902	495,020	458,040	454,495	454,560	460,000	452,500	445,375
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	29,554	30,958	27,383	5,533		
Miscellaneous, other	0	0	0	0	0			
<b>Total increases</b>	<b>496,902</b>	<b>495,020</b>	<b>487,594</b>	<b>485,453</b>	<b>481,943</b>	<b>465,533</b>	<b>452,500</b>	<b>445,375</b>
(Decreases)								
Personal Services	256,344	287,492	262,465	343,044	270,041	232,137	278,460	247,759
Operations	165,366	160,357	189,907	191,532	201,830	245,863	226,540	230,241
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>421,710</b>	<b>447,849</b>	<b>452,372</b>	<b>534,576</b>	<b>471,871</b>	<b>478,000</b>	<b>505,000</b>	<b>478,000</b>
Adjustments to Beginning Retained Earnings	0	(18,684)	(28,600)	3,899	125,805			
<b>Ending Retained Earnings</b>	<b>(23,289)</b>	<b>5,198</b>	<b>11,820</b>	<b>(33,404)</b>	<b>102,473</b>	<b>90,006</b>	<b>37,506</b>	<b>4,881</b>
Total Contributed Capital	169,686	169,685	219,615	219,615	6,129			
<b>Total Fund Equity</b>	<b>146,397</b>	<b>174,883</b>	<b>231,435</b>	<b>186,211</b>	<b>108,602</b>	<b>90,006</b>	<b>37,506</b>	<b>4,881</b>
Unreserved Fund Balance								
60 Days of Expenses	70,285	74,642	75,395	89,096	78,645	79,667	84,167	79,667

Fee/Rate Information for Legislative Action:

		-----Requested-----
Requested Rates for Internal Service Funds	xxxx      xxxx	Various rates, that allow for continued support of the office, are requested and are currently published in ARMs or established by the Secretary of State Office.



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06512	Indirect Cost Pool	3501	OFFICE OF PUBLIC INSTRUCTION	OPI Central Services

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(7)	(44,642)	40,603	75,301	148,619	101,632	44,415	(53,438)
Increases								
Fee Revenue	69,096	28,254	70,458	39,898	561,480	550,000	656,249	654,547
Investment Earnings	0	0	0	0	0			
Transfers In	476,516	393,097	350,000	424,818	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	516,812	591,936	635,386	598,499	621,095	620,000	672,875	671,727
<b>Total Increases</b>	<b>1,062,424</b>	<b>1,013,287</b>	<b>1,055,844</b>	<b>1,063,215</b>	<b>1,182,575</b>	<b>1,170,000</b>	<b>1,329,124</b>	<b>1,326,274</b>
(Decreases)								
Personal Services	604,563	568,083	556,447	542,580	653,446	688,218	733,680	729,869
Operations	502,496	364,205	463,116	447,317	530,641	538,999	693,297	633,334
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	1,583	0	0			
<b>Total Decreases</b>	<b>1,107,059</b>	<b>932,288</b>	<b>1,021,146</b>	<b>989,897</b>	<b>1,184,087</b>	<b>1,227,217</b>	<b>1,426,977</b>	<b>1,363,203</b>
Adjustments to Beginning Retained Earnings	0	4,246	0	0	(45,475)			
<b>Ending Retained Earnings</b>	<b>(44,642)</b>	<b>40,603</b>	<b>75,301</b>	<b>148,619</b>	<b>101,632</b>	<b>44,415</b>	<b>(53,438)</b>	<b>(90,367)</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>(44,642)</b>	<b>40,603</b>	<b>75,301</b>	<b>148,619</b>	<b>101,632</b>	<b>44,415</b>	<b>(53,438)</b>	<b>(90,367)</b>
Unreserved Fund Balance								
60 Days of Expenses	184,510	155,381	169,927	164,983	197,348	204,536	237,830	227,201

## Fee/Rate Information for Legislative Action:

					-----Requested-----		Authority
Requested Rates for Internal Service Funds	xxxx	xxxx	18%	17%	17%	17%	OMB A87

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
6,500	Agency Legal	Justice	4110	Legal Services

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	78,694	241	(22,791)	(85,734)	(157,243)	(132,955)	(54,144)	(43,704)
Increases								
Fee Revenue	525,763	592,371	607,892	731,616	924,086	977,793	1,030,398	1,041,123
Investment Earnings								
Transfers In								
Miscellaneous, operating								
Miscellaneous, other								
<b>Total Increases</b>	<b>525,763</b>	<b>592,371</b>	<b>607,892</b>	<b>731,616</b>	<b>924,086</b>	<b>977,793</b>	<b>1,030,398</b>	<b>1,041,123</b>
(Decreases)								
Personal Services	492,726	527,362	542,931	656,661	715,337	734,759	796,621	792,667
Operations	110,973	86,458	127,128	145,667	188,276	164,223	222,632	223,206
Transfers Out								
Miscellaneous, operating	1,339	1,583	776	797	705		705	705
Miscellaneous, other								
<b>Total Decreases</b>	<b>605,038</b>	<b>615,403</b>	<b>670,835</b>	<b>803,125</b>	<b>904,318</b>	<b>898,982</b>	<b>1,019,958</b>	<b>1,016,578</b>
Adjustments to Beginning Retained Earnings	822				4,520			
<b>Ending Retained Earnings</b>	<b>241</b>	<b>(22,791)</b>	<b>(85,734)</b>	<b>(157,243)</b>	<b>(132,955)</b>	<b>(54,144)</b>	<b>(43,704)</b>	<b>(19,159)</b>
Total Contributed Capital								
<b>Total Fund Equity</b>	<b>241</b>	<b>(22,791)</b>	<b>(85,734)</b>	<b>(157,243)</b>	<b>(132,955)</b>	<b>(54,144)</b>	<b>(43,704)</b>	<b>(19,159)</b>
<b>Unreserved Fund Balance</b>								
60 Days of Expenses	100,840	102,567	111,806	133,854	150,720	149,830	169,993	169,430

## Fee/Rate Information for Legislative Action:

						Requested	Requested	
Requested Rates for								
Internal Service Funds			FY96	FY97	FY98	FY99	FY00	FY01
Attorney Hourly Rate	xx	xx	\$53	\$53	\$62	\$62	\$62	\$62
<u>Paralegal Hourly Rate</u>	xx	xx	\$30	\$30	\$35	\$35	\$35	\$35

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06513	MUS GROUP INSURANCE ACCOUNT	5102	COMMISSIONER OF HIGHER ED	
06514	MUS FLEX SPENDING ACCOUNT			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	3,316,754	4,755,606	5,206,715	4,223,535	503,180	315,328	1,003,986	1,028,986
Increases								
Fee Revenue	(108,377)	0	(2,238)	0	0			
Investment Earnings	230,754	406,729	400,331	318,504	190,522	165,000	165,000	165,000
Transfers In	0	0	0	0	0			
Miscellaneous, operating	18,092,743	20,652,187	20,278,977	21,215,418	22,063,156	27,154,731	29,053,093	31,860,530
Miscellaneous, other	0	0	0	0	0			
Total Increases	18,215,120	21,058,916	20,677,070	21,533,922	22,253,678	27,319,731	29,218,093	32,025,530
(Decreases)								
Personal Services	115,798	119,857	120,121	118,878	150,428	150,896	150,896	150,896
Operations	16,660,470	20,487,950	21,540,129	25,115,317	22,217,187	26,480,177	29,042,197	31,849,634
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	20,082	8,269			
Miscellaneous, other	0	0	0	0	0			
Total Decreases	16,776,268	20,607,807	21,660,250	25,254,277	22,375,884	26,631,073	29,193,093	32,000,530
Adjustments to Beginning Retained Earnings	0	0	0	0	(65,646)			
Ending Retained Earnings	4,755,606	5,206,715	4,223,535	503,180	315,328	1,003,986	1,028,986	1,053,986
Total Contributed Capital	0	0	0	0	0			
Total Fund Equity	4,755,606	5,206,715	4,223,535	503,180	315,328	1,003,986	1,028,986	1,053,986
Unreserved Fund Balance								
60 Days of Expenses	2,796,045	3,434,635	3,610,042	4,209,046	3,729,314	4,438,512	4,865,516	5,333,422

## Fee/Rate Information for Legislative Action:

Requested-----

Requested Rates for Internal  
Service Funds

xxxx      xxxx

The Montana University System requests authority to set various rates which will, along with the state contribution, maintain the program on an actuarially sound basis.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06002	HISTORICAL SOCIETY ENTERPRISE	5117	HISTORICAL SOCIETY	Publication

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	402,292	459,156	439,094	422,186	392,955	351,819	352,443	372,413
Increases								
Fee Revenue	607,063	586,909	578,356	630,728	663,738	708,599	803,431	803,431
Investment Earnings	0	0	0	0	0			
Transfers In	51,329	51,498	53,171	55,069	53,877	53,401	53,877	53,877
Miscellaneous, operating	1,035	253	2,679	3,102	5,044			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>659,427</b>	<b>638,660</b>	<b>634,206</b>	<b>688,899</b>	<b>722,659</b>	<b>762,000</b>	<b>857,308</b>	<b>857,308</b>
(Decreases)								
Personal Services	232,595	263,172	306,152	303,507	333,234	333,427	375,200	374,083
Operations	369,692	395,894	344,744	413,677	430,508	427,949	462,138	438,176
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	276	(100)	0	0	0			
Miscellaneous, other	0	1,256	218	946	53			
<b>Total Decreases</b>	<b>602,563</b>	<b>660,222</b>	<b>651,114</b>	<b>718,130</b>	<b>763,795</b>	<b>761,376</b>	<b>837,338</b>	<b>812,259</b>
Adjustments to Beginning Retained Earnings	0	1,500	0	0	(43,730)			
<b>Ending Retained Earnings</b>	<b>459,156</b>	<b>439,094</b>	<b>422,186</b>	<b>392,955</b>	<b>308,089</b>	<b>352,443</b>	<b>372,413</b>	<b>417,462</b>
Total Contributed Capital	39,751	39,265	39,265	39,265	38,701	38,701	38,701	38,701
<b>Total Fund Equity</b>	<b>498,907</b>	<b>478,359</b>	<b>461,451</b>	<b>432,220</b>	<b>346,790</b>	<b>391,144</b>	<b>411,114</b>	<b>456,163</b>
Unreserved Fund Balance								
60 Days of Expenses	100,427	109,828	108,483	119,531	127,290	126,896	139,556	135,377

The Montana Historical Society: Publishes "Montana The Magazine of Western History"; Publishes and distributes books; Sells black and white photos and rents transparencies of Artwork for publication; Photocopies information for researchers; And sells book

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06501	DUPLICATING CENTER	5201	DEPT OF FISH, WILDLIFE & PARKS	FWP DUPLICATING CENTER

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(10,846)	(4,063)	10,386	16,598	14,566	19,903	18,583	16,532
Increases								
Fee Revenue	98,029	87,889	76,158	63,416	83,186	73,000	74,000	75,000
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>98,029</b>	<b>87,889</b>	<b>76,158</b>	<b>63,416</b>	<b>83,186</b>	<b>73,000</b>	<b>75,000</b>	<b>77,000</b>
(Decreases)								
Personal Services	45,961	28,857	22,806	24,351	25,622	26,018	26,911	27,836
Operations	45,285	44,583	47,140	40,837	49,625	48,302	50,140	52,052
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	260	1,916			
<b>Total Decreases</b>	<b>91,246</b>	<b>73,440</b>	<b>69,946</b>	<b>65,448</b>	<b>77,163</b>	<b>74,320</b>	<b>77,051</b>	<b>79,888</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	(686)			
<b>Ending Retained Earnings</b>	<b>(4,063)</b>	<b>10,386</b>	<b>16,598</b>	<b>14,566</b>	<b>19,903</b>	<b>18,583</b>	<b>16,532</b>	<b>13,644</b>
Total Contributed Capital	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>Total Fund Equity</b>	<b>20,937</b>	<b>35,386</b>	<b>41,598</b>	<b>39,566</b>	<b>44,903</b>	<b>43,583</b>	<b>41,532</b>	<b>38,644</b>
Reserve for Equipment	7,982	7,885	6,255	5,995	20,335	18,543	16,751	14,959
Reserve for Inventory	1,447	8,137	6,576	8,849	10,371	10,500	11,000	11,500
Unreserved Fund Balance	11,508	19,364	28,767	24,722	14,197	14,540	13,781	12,185
60 Days of Expenses	15,208	12,240	11,658	10,865	12,541	12,387	12,842	13,315

## Fee/Rate Information for Legislative Action:

Requested-----

Requested Rates for  
Internal Service Funds      xxxx      xxxx      See Narrative Description. Fixed rate is requested, per service provided.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06502	FWP Motor Pool	5201	DEPT OF FISH, WILDLIFE & PARKS	Field Services Division

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	3,377,579	3,767,551	4,035,034	4,455,229	4,540,892	3,235,427	2,881,939	2,897,816
Increases								
Fee Revenue	1,369,721	1,428,362	1,443,747	1,582,393	1,520,730	1,400,000	1,442,000	1,485,260
Investment Earnings	0	0	0	0	0			
Transfers In	175,009	184,716	208,810	184,160	0	0	0	0
Miscellaneous, operating	0	101	2	0	0			
Miscellaneous, other	126,179	135,500	105,538	0	127,885	75,000	50,000	25,000
<b>Total Increases</b>	<b>1,670,909</b>	<b>1,748,679</b>	<b>1,758,097</b>	<b>1,766,553</b>	<b>1,648,615</b>	<b>1,475,000</b>	<b>1,492,000</b>	<b>1,510,260</b>
(Decreases)								
Personal Services	84,556	87,770	45,731	55,250	52,474	65,436	56,012	56,620
Operations	1,321,153	1,393,426	1,292,171	1,604,166	1,422,134	1,437,210	1,420,111	1,438,969
Transfers Out	0	0	0	1,220	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	8,394	0	325,842		
<b>Total Decreases</b>	<b>1,405,709</b>	<b>1,481,196</b>	<b>1,337,902</b>	<b>1,669,030</b>	<b>1,474,608</b>	<b>1,828,488</b>	<b>1,476,123</b>	<b>1,495,489</b>
Adjustments to Beginning Retained Earnings	124,772	0	0	(11,860)	(1,479,472)			
<b>Ending Retained Earnings</b>	<b>3,767,551</b>	<b>4,035,034</b>	<b>4,455,229</b>	<b>4,540,892</b>	<b>3,235,427</b>	<b>2,881,939</b>	<b>2,897,816</b>	<b>2,912,587</b>
Total Contributed Capital	397,602	394,234	394,234	624,234	2,238,923	2,671,401	2,871,401	3,071,401
<b>Total Fund Equity</b>	<b>4,165,153</b>	<b>4,429,268</b>	<b>4,849,463</b>	<b>5,165,126</b>	<b>5,474,350</b>	<b>5,553,340</b>	<b>5,769,217</b>	<b>5,983,988</b>
<b>Reserved for Vehicles</b>	<b>3,487,826</b>	<b>3,766,288</b>	<b>4,184,255</b>	<b>4,272,652</b>	<b>4,725,402</b>	<b>4,814,382</b>	<b>5,256,182</b>	<b>5,865,582</b>
Unreserved Fund Balance	677,327	662,980	665,208	892,474	748,948	738,958	513,035	118,406
60 Days of Expenses	234,285	246,866	222,984	276,569	245,768	250,441	246,021	249,248

## Fee/Rate Information for Legislative Action:

Requested Rates for Internal  
Service Funds

xxxx      xxxx

-----Estimated-----

See Narrative. Fixed rate per mile (per hour for aircraft) per class with a minimum overhead rate for low usage vehicles.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06503	FWP WAREHOUSE	5201	DEPT OF FISH, WILDLIFE & PARKS	Admin & Finance

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	80,413	86,794	119,446	148,863	139,628	125,693	90,882	80,320
Increases								
Fee Revenue	122,042	150,949	147,632	85,833	70,293	72,000	74,000	76,000
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>122,042</b>	<b>150,949</b>	<b>147,632</b>	<b>85,833</b>	<b>70,293</b>	<b>72,000</b>	<b>74,000</b>	<b>76,000</b>
(Decreases)								
Personal Services	13,966	11,515	2,631	3,703	(216)			
Operations	101,695	106,782	115,584	91,365	84,444	106,811	84,562	84,580
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>115,661</b>	<b>118,297</b>	<b>118,215</b>	<b>95,068</b>	<b>84,228</b>	<b>106,811</b>	<b>84,562</b>	<b>84,580</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	0			
<b>Ending Retained Earnings</b>	<b>86,794</b>	<b>119,446</b>	<b>148,863</b>	<b>139,628</b>	<b>125,693</b>	<b>90,882</b>	<b>80,320</b>	<b>71,740</b>
Total Contributed Capital	85,450	85,450	85,450	85,450	85,450	85,450	85,450	85,450
<b>Total Fund Equity</b>	<b>172,244</b>	<b>204,896</b>	<b>234,313</b>	<b>225,078</b>	<b>211,143</b>	<b>176,332</b>	<b>165,770</b>	<b>157,190</b>
<b>Reserved for Inventory</b>	<b>167,622</b>	<b>166,587</b>	<b>159,567</b>	<b>175,072</b>	<b>159,667</b>	<b>150,000</b>	<b>145,000</b>	<b>140,000</b>
Unreserved Fund Balance	4,622	38,309	74,746	50,006	51,476	26,332	20,770	17,190
60 Days of Expenses	19,277	19,716	19,703	15,845	14,038	17,802	14,094	14,097

## Fee/Rate Information for Legislative Action:

					Requested-----			
Requested Rates for Internal Service Funds								
Warehouse Overhead	xxx	xxx	FY96 10.00%	FY97 6.00%	FY98 6.00%	FY99 6.00%	FY00 4.00%	FY01 4.00%

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06509	DEQ INDIRECTS	5301	ENVIRONMENTAL QUALITY	DEQ Indirect Cost Pool

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	810,918	194,615	561,725	294,650	58,455	(301)	(46,620)	(46,620)
Increases								
Fee Revenue	230,881	445,825	1,023,676	1,005,312	1,324,354	1,453,508	1,713,943	1,620,997
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	13	720	0	0	0			
Miscellaneous, other	973,994	1,763,495	837,553	674,564	811,228	890,859	1,050,481	993,515
<b>Total Increases</b>	<b>1,204,888</b>	<b>2,210,040</b>	<b>1,861,229</b>	<b>1,679,876</b>	<b>2,135,582</b>	<b>2,344,367</b>	<b>2,764,424</b>	<b>2,614,512</b>
(Decreases)								
Personal Services	1,408,854	1,436,273	1,397,731	1,374,925	1,419,257	1,556,288	1,820,947	1,810,781
Operations	429,575	406,657	435,361	496,867	682,591	834,398	943,477	803,731
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	914	25,964			
<b>Total Decreases</b>	<b>1,838,429</b>	<b>1,842,930</b>	<b>1,833,092</b>	<b>1,872,706</b>	<b>2,127,812</b>	<b>2,390,686</b>	<b>2,764,424</b>	<b>2,614,512</b>
Adjustments to Beginning Retained Earnings	17,238	0	(295,212)	(43,365)	(66,526)	0	0	0
<b>Ending Retained Earnings</b>	<b>194,615</b>	<b>561,725</b>	<b>294,650</b>	<b>58,455</b>	<b>(301)</b>	<b>(46,620)</b>	<b>(46,620)</b>	<b>(46,620)</b>
Total Contributed Capital	244,034	244,117	242,108	295,568	269,231	269,231	269,231	269,231
<b>Total Fund Equity</b>	<b>438,649</b>	<b>805,842</b>	<b>536,758</b>	<b>354,023</b>	<b>268,930</b>	<b>222,611</b>	<b>222,611</b>	<b>222,611</b>
Unreserved Fund Balance								
60 Days of Expenses	306,405	307,155	305,515	311,965	350,308	398,448	460,737	435,752

## Fee/Rate Information for Legislative Action:

	Requested-----							
Requested Rates for Internal Service Funds	xxxx	xxxx	18.16%	16.72%	19.50%	18.92%	23.00%	23.00%



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06007	West Yellowstone Airport	Transportation	5401	W. Yellowstone Airport

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	217,659	216,089	244,515	(702,623)	(673,792)	(660,344)	(654,344)	(622,844)
Increases								
Fee Revenue	5,480	5,966	9,322	34,323	43,516	13,000	13,000	13,000
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	6,726	21,725	17,115	30,166	16,199	16,000	16,000	16,000
Miscellaneous, operating	49,754	61,481	78,273	56,140	57,149	85,000	86,000	88,000
Miscellaneous, other	8,100	0	0	0				
<b>Total Increases</b>	<b>70,060</b>	<b>89,172</b>	<b>104,710</b>	<b>120,629</b>	<b>116,864</b>	<b>114,000</b>	<b>115,000</b>	<b>117,000</b>
(Decreases)								
Personal Services	28,306	23,228	27,293	39,774	38,346	38,000	38,500	39,000
Operations	37,324	37,518	104,260	52,024	56,207	70,000	45,000	45,000
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	1,029			
<b>Total Decreases</b>	<b>65,630</b>	<b>60,746</b>	<b>131,553</b>	<b>91,798</b>	<b>95,582</b>	<b>108,000</b>	<b>83,500</b>	<b>84,000</b>
Adjustments to Beginning Retained Earnings	(6,000)	0	(920,295)	0	(7,834)			
<b>Ending Retained Earnings</b>	<b>216,089</b>	<b>244,515</b>	<b>(702,623)</b>	<b>(673,792)</b>	<b>(660,344)</b>	<b>(654,344)</b>	<b>(622,844)</b>	<b>(589,844)</b>
Total Contributed Capital	215,320	215,320	1,346,111	1,351,111	1,345,111	1,345,111	1,345,111	1,345,111
<b>Total Fund Equity</b>	<b>431,409</b>	<b>459,835</b>	<b>643,488</b>	<b>677,319</b>	<b>684,767</b>	<b>690,767</b>	<b>722,267</b>	<b>755,267</b>
Unreserved Fund Balance								
60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)	10,938	10,124	21,926	15,300	15,759	18,000	13,917	14,000

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity	Accounting Entity Name	Agency Name	Agency Number	Program Name
06506	Motor Pool	Transportation	5401	Motor Pool

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,853,398	1,355,503	1,173,725	1,168,189	1,174,795	1,477,893	1,477,919	1,477,918
Increases								
Fee Revenue	667,916	669,623	806,915	895,273	1,574,949	1,807,298	2,661,958	2,786,737
Investment Earnings	0	0	0	0				
Transfers In	0	0	0	0				
Miscellaneous, operating	0	0	0	0				
Miscellaneous, other	100,346	95,750	33,510	194,949	268,064	180,220	137,878	152,359
<b>Total Increases</b>	<b>768,262</b>	<b>765,373</b>	<b>840,425</b>	<b>1,090,222</b>	<b>1,843,013</b>	<b>1,987,518</b>	<b>2,799,836</b>	<b>2,939,096</b>
(Decreases)								
Personal Services	154,242	157,272	169,812	175,502	210,695	219,863	213,007	219,396
Operations	728,632	789,879	676,149	885,198	1,207,685	1,470,240	2,030,560	2,286,590
Transfers Out	0	0	0	0				
Miscellaneous, operating	0	0	0	22,916	121,535	297,389	416,937	433,110
Miscellaneous, other	0	0	0	0			139,333	
<b>Total Decreases</b>	<b>882,874</b>	<b>947,151</b>	<b>845,961</b>	<b>1,083,616</b>	<b>1,539,915</b>	<b>1,987,492</b>	<b>2,799,837</b>	<b>2,939,096</b>
Adjustments to Beginning Retained	(383,283)	0	0	0				
<b>Ending Retained Earnings</b>	<b>1,355,503</b>	<b>1,173,725</b>	<b>1,168,189</b>	<b>1,174,795</b>	<b>1,477,893</b>	<b>1,477,919</b>	<b>1,477,918</b>	<b>1,477,918</b>
Total Contributed Capital	10,086	10,086	1,302,905	10,086	10,086	10,086	10,086	10,086
<b>Total Fund Equity</b>	<b>1,365,589</b>	<b>1,183,811</b>	<b>2,471,094</b>	<b>1,184,881</b>	<b>1,487,979</b>	<b>1,488,005</b>	<b>1,488,004</b>	<b>1,488,004</b>
Unreserved Fund Balance								
60 Days of Expenses	147,146	157,859	140,994	180,603	256,653	331,249	443,417	489,849

## Fee/Rate Information for Legislative Action:

Requested-----

The State Motor Pool may charge rates as necessary to establish and maintain a 60-day working capital reserve to operate the program.

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide a Requested Rates for Internal Service Funds

Class 02	xxx	xxx	0.21	0.19	0.29	0.28	0.381	0.348
Class 06	xxx	xxx	0.17	0.20	0.21	0.20	0.291	0.275
Class 07	xxx	xxx	0.17	0.15	0.32	0.26	0.34	0.32
Class 12	xxx	xxx	0.31	0.30	0.28	0.29	0.365	0.353

Note: A daily rate charge will be assessed if a vehicle runs under approximately 33 miles/day (1000 miles/month).

The rate will ensure the Motor Pool recovers fixed costs such as the loan payment, interest payment etc.. The daily rate fees are: FY2000 - \$9.20/day or the mileage rate (whichever is larger) FY 2001 - \$8.70/day or the mileage rate (whichever is larger).

The Motor Pool Program may charge rates necessary to establish and maintain a 60 day working capital balance to operate the program.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity N:	Accounting Entity Name	Agency Name	Agency Number	Program Name
06508	HIGHWAY EQUIPMENT - INT :	Transportation	5401	Equipment

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	38,496,556	39,302,716	39,849,293	39,506,641	40,427,974	40,043,887	40,631,848	40,631,848
<b>Increases</b>								
Fee Revenue	14,580,431	14,508,164	13,445,869	16,570,149	14,196,000	16,464,000	16,472,134	16,747,500
Investment Earnings	0	0	0	0				
Transfers In	0	0	0	0				
Miscellaneous, operating	0	0	310,525	189,916	455,794			
Miscellaneous, other	0	494,982	264,419	182,718	599,228	500,000	500,000	500,000
<b>Total Increases</b>	<b>14,580,431</b>	<b>15,003,146</b>	<b>14,020,813</b>	<b>16,942,783</b>	<b>15,251,022</b>	<b>16,964,000</b>	<b>16,972,134</b>	<b>17,247,500</b>
<b>(Decreases)</b>								
Personal Services	4,223,721	4,190,796	4,123,205	4,319,740	4,540,125	4,642,830	4,781,934	4,781,187
Operations	9,464,500	10,178,971	10,208,680	11,701,710	11,094,984	11,733,209	12,190,200	12,466,313
Transfers Out	0	0	0	0				
Miscellaneous, operating	0	0	0	0				
Miscellaneous, other	87,012	0	0	0				
<b>Total Decreases</b>	<b>13,775,233</b>	<b>14,369,767</b>	<b>14,331,885</b>	<b>16,021,450</b>	<b>15,635,109</b>	<b>16,376,039</b>	<b>16,972,134</b>	<b>17,247,500</b>
Adjustments to Beginning Ret	962	(86,802)	(31,580)	0				
<b>Ending Retained Earnings</b>	<b>39,302,716</b>	<b>39,849,293</b>	<b>39,506,641</b>	<b>40,427,974</b>	<b>40,043,887</b>	<b>40,631,848</b>	<b>40,631,848</b>	<b>40,631,848</b>
Total Contributed Capital	1,643,098	1,931,767	1,957,155	2,600,979	2,670,817	4,362,982	4,362,982	4,362,982
<b>Total Fund Equity</b>	<b>40,945,814</b>	<b>41,781,060</b>	<b>41,463,796</b>	<b>43,028,953</b>	<b>42,714,704</b>	<b>44,994,830</b>	<b>44,994,830</b>	<b>44,994,830</b>
Unreserved Fund Balance								
60 Days of Expenses	1,606,870	1,693,461	1,666,314	1,926,242	1,775,874	1,846,892	1,828,313	1,779,874

## Fee/Rate Information for Legislative Action:

## Requested Rates for Internal Service Funds

60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)

## Agency Charges (Provided as Information Only )

The fee charges will not be done till the actual Fiscal Year the rates pertain to. These rates will be supported by the EMS system. This same procedure has been used current with past practice.

The Equipment Program may charge rates necessary to establish and maintain a 60 day working capital balance to operate the program.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06538	AIR OPERATIONS INTERNAL SVC.	5706	DEPT NAT RESOURCE/CONSERVATION	Forestry

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	153,360	54,881	204,702	244,710	365,319	152,812	96,788	66,209
Increases								
Fee Revenue	164,609	611,981	178,412	448,274	211,562	387,769	399,750	399,750
Investment Earnings	0	0	0	0	0			
Transfers In	183,009	107,949	337,500	403,136	355,419	343,419	395,889	395,889
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>347,618</b>	<b>719,930</b>	<b>515,912</b>	<b>851,410</b>	<b>566,981</b>	<b>731,188</b>	<b>795,639</b>	<b>795,639</b>
(Decreases)								
Personal Services	234,186	221,955	226,534	235,537	287,012	305,120	305,120	305,120
Operations	211,911	366,760	236,458	495,264	468,629	482,092	521,098	486,762
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>446,097</b>	<b>588,715</b>	<b>462,992</b>	<b>730,801</b>	<b>755,641</b>	<b>787,212</b>	<b>826,218</b>	<b>791,882</b>
Adjustments to Beginning Retained Earnings	0	18,606	(12,912)	0	(23,847)			
<b>Ending Retained Earnings</b>	<b>54,881</b>	<b>204,702</b>	<b>244,710</b>	<b>365,319</b>	<b>152,812</b>	<b>96,788</b>	<b>66,209</b>	<b>69,966</b>
Total Contributed Capital	0	90,875	0	0	0			
<b>Total Fund Equity</b>	<b>54,881</b>	<b>295,577</b>	<b>244,710</b>	<b>365,319</b>	<b>152,812</b>	<b>96,788</b>	<b>66,209</b>	<b>69,966</b>
Unreserved Fund Balance								
60 Days of Expenses	74,350	98,119	77,165	121,800	125,940	131,202	137,703	131,980

## Fee/Rate Information for Legislative Action:

							Requested-----	
Requested Rates for Internal Service Funds								
Fixed Wing Aircraft	xxx	xxx	\$85	\$85	\$85	\$88	\$90	\$90
UH-1 Helicopter	xxx	xxx	\$800	\$800	\$800	\$825	\$850	\$850
206 Helicopter	xxx	xxx	325	325	325	335	345	345

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06005	LIQUOR ENTERPRISE	5801	DEPARTMENT OF REVENUE	LIQUOR ENTERPRISE

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	683,209	823,742	1,238,601	149,471	315,084	286,928	200,000	200,000
Increases								
Fee Revenue	39,868,949	40,595,864	42,238,562	36,037,270	37,358,027	38,009,352	38,737,939	39,481,098
Investment Earnings	0	0	0	0	0			
Transfers In	1	(2,892)	0	0	0			
Miscellaneous, operating	10,378,599	10,322,292	11,924,159	10,177,411	10,670,959	10,814,506	11,030,796	11,251,412
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>50,247,549</b>	<b>50,915,264</b>	<b>54,162,721</b>	<b>46,214,681</b>	<b>48,028,986</b>	<b>48,823,858</b>	<b>49,768,735</b>	<b>50,732,510</b>
(Decreases)								
Personal Services	3,750,567	3,778,053	2,061,720	1,256,460	535,989	626,589	639,764	635,844
Operations	31,141,819	31,288,379	34,889,111	29,612,517	29,451,314	30,119,811	30,968,747	31,567,338
Transfers Out	15,208,570	15,382,911	18,166,943	15,169,264	17,910,678	17,936,559	18,032,849	18,393,465
Miscellaneous, operating	557	1,152	7,526	0	0	0	0	0
Miscellaneous, other	0	49,910	48,739	59,367	229,976	61,920	75,000	75,000
<b>Total Decreases</b>	<b>50,101,513</b>	<b>50,500,405</b>	<b>55,174,039</b>	<b>46,097,608</b>	<b>48,127,957</b>	<b>48,744,879</b>	<b>49,716,360</b>	<b>50,671,647</b>
Adjustments to Beginning Retained Earnings	(5,503)	0	(77,812)	48,540	70,815	(165,907)	(52,375)	(60,863)
<b>Ending Retained Earnings</b>	<b>823,742</b>	<b>1,238,601</b>	<b>149,471</b>	<b>315,084</b>	<b>286,928</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
Total Contributed Capital	1,916,306	1,916,306	1,916,306	1,916,306	1,915,172	1,915,172	1,915,172	1,915,172
<b>Total Fund Equity</b>	<b>2,740,048</b>	<b>3,154,907</b>	<b>2,065,777</b>	<b>2,231,390</b>	<b>2,202,100</b>	<b>2,115,172</b>	<b>2,115,172</b>	<b>2,115,172</b>
Unreserved Fund Balance								
60 Days of Expenses	5,815,491	5,844,597	6,159,726	5,144,830	4,997,884	5,124,400	5,268,085	5,367,197

## Information about Liquor Enterprise Fund:

Liquor Enterprise charges represent the sale and distribution of distilled spirits and fortified wines to retail liquor stores throughout the state.

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entry Name	Agency Number	Agency Name	Program Name
06065	Mgmt, Acct, HR, and Tech. Support	5801	DEPARTMENT OF REVENUE	Mgmt, Acct, HR, and Tech. Support

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	0	0	0	0	0
Increases								
Fee Revenue (1)	0	0	0	0	0	0	654,292	654,292
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Increases	0	0	0	0	0	0	654,292	654,292
(Decreases)								
Personal Services (2)	0	0	0	0	0	0	654,292	654,292
Operations	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Decreases	0	0	0	0	0	0	654,292	654,292
Adjustments to Beginning Retained Earnings	0	0	0	0	0	0	0	0
Ending Retained Earnings	0	0	0	0	0	0	0	0
Total Contributed Capital	0	0	0	0	0	0	0	0
Total Fund Equity	0	0	0	0	0	0	0	0
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	0	0	0	109,049	109,049

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service Funds	Requested-----
Annual fixed charge	\$654,292 \$654,292
Information about this charge:	
The above rate represents the charges for the primary services the Director's Office, Information Technology and Resource Management of the Department of Revenue will provide to Program 6, Customer Service Center (CSC). These charges constitute CSC's share of the department's fixed administration costs for these three programs.	

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06554	Customer Service Center	5801	DEPARTMENT OF REVENUE	Customer Service Center

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	0	0	0	0	0
Increases								
Fee Revenue	0	0	0	0	0	0	6,884,381	6,892,953
Investment Earnings	0	0	0	0	0	0		0
Transfers In	0	0	0	0	0	0		0
Miscellaneous, operating	0	0	0	0	0	0		0
Miscellaneous, other	0	0	0	0	0	0		0
<b>Total Increases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,884,381</b>	<b>6,892,953</b>
(Decreases)								
Personal Services	0	0	0	0	0	0	4,265,231	4,254,176
Operations	0	0	0	0	0	0	2,270,760	2,292,608
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating (1)	0	0	0	0	0	0	348,390	346,169
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,884,381</b>	<b>6,892,953</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	0	0		
<b>Ending Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Contributed Capital	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	0	0	0	1,147,397	1,148,826

## Fee/Rate Information for Legislative Action:

Requested-----

## Requested Rates for Internal

## Service Funds

One-Stop Licensing	per license	\$4.51	\$4.51
Input Manual Cash	per document	\$1.21	\$1.21
Input Mail	per document	\$0.19	\$0.19
Capture Image	per document	\$3.91	\$3.91
Capture Paper	per document	\$4.97	\$4.97
Validation	per document	\$0.18	\$0.18
Retention	per document	\$0.21	\$0.21
Coupon Payment	per document	\$0.25	\$0.25

## Agency Charges:

The above rates illustrate the primary services that the Customer Service Center (CSC) will provide to the Department of Revenue (DOR) and other agencies. Program 06 will provide services exclusively for DOR in the amount of \$1,767,234 and \$1,769,164 for the years 2000 and 2001, respectively, which are included in the fee revenues illustrated above. These services are forms design, call center, computerized cross matching, liquor licensing, and design of phase II one-stop licensing.

(1) "Miscellaneous, operating" includes the debt service for principle and interest on the bond issued for the creation of Revenue Information Processing Center.

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06504	LEGAL SERVICES	6101	DEPARTMENT OF ADMINISTRATION	Internal Cost Pool

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(11,487)	(14,496)	(14,572)	(3,588)	(9,358)	(8,123)	(8,947)	(6,583)
Increases								
Fee Revenue	93,461	94,030	99,245	101,923	55,115	54,900	91,024	91,144
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	5	0	12	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Increases	93,461	94,030	99,250	101,923	55,127	54,900	91,024	91,144
(Decreases)								
Personal Services	88,906	88,082	78,595	98,630	46,417	49,724	78,700	78,041
Operations	7,564	6,024	8,757	9,063	5,729	6,000	9,960	10,099
Transfers Out	0	0	0	0	0	0	0	
Miscellaneous, operating	0	0	0	0	0	0	0	
Miscellaneous, other	0	0	914	0	0	0	0	
Total Decreases	96,470	94,106	88,266	107,693	52,146	55,724	88,660	88,140
Adjustments to Beginning Retained Earnings	0	0	0	0	(1,746)	0		
Ending Retained Earnings	(14,496)	(14,572)	(3,588)	(9,358)	(8,123)	(8,947)	(6,583)	(3,579)
Total Contributed Capital	0	0	0	0	0	0	0	
Total Fund Equity	(14,496)	(14,572)	(3,588)	(9,358)	(8,123)	(8,947)	(6,583)	(3,579)
Unreserved Fund Balance								
60 Days of Expenses	16,078	15,684	14,559	17,949	8,691	9,287	14,777	14,690

Fee/Rate Information for Legislative Action:

	FY2000	FY2001
Risk Management	1820.48	1822.88
General Services	6371.68	6380.08
Arch & Engineering	16384.32	16405.92
Inf. Services Division	24576.48	24608.88
Teachers' Retirement	18204.8	18228.8
Employee Benefits	23666.24	23597.44



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06554	BAD DEBT DIVISION	6101	DEPARTMENT OF ADMINISTRATION	DEBT COLLECTIONS

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	851	47,269	(9,804)	26,954	64,085	32,998	32,998	32,998
Increases								
Fee Revenue	233,214	135,602	258,640	267,348	204,247	221,377	0	0
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>233,214</b>	<b>135,602</b>	<b>258,640</b>	<b>267,348</b>	<b>204,247</b>	<b>221,377</b>	<b>0</b>	<b>0</b>
(Decreases)								
Personal Services	146,980	149,122	163,720	144,045	159,135	168,270	0	0
Operations	39,492	43,553	59,640	86,172	77,725	53,107	0	0
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>186,472</b>	<b>192,675</b>	<b>223,360</b>	<b>230,217</b>	<b>236,860</b>	<b>221,377</b>	<b>0</b>	<b>0</b>
Adjustments to Beginning Retained Earnings	(324)	0	1,478	0	1,526			
<b>Ending Retained Earnings</b>	<b>47,269</b>	<b>(9,804)</b>	<b>26,954</b>	<b>64,085</b>	<b>32,998</b>	<b>32,998</b>	<b>32,998</b>	<b>32,998</b>
Total Contributed Capital	1,948	1,948	4,820	4,628	0			
<b>Total Fund Equity</b>	<b>49,217</b>	<b>(7,856)</b>	<b>31,774</b>	<b>68,713</b>	<b>32,998</b>	<b>32,998</b>	<b>32,998</b>	<b>32,998</b>
Unreserved Fund Balance								
60 Days of Expenses	31,079	32,113	37,227	38,370	39,477	36,896	0	0

## Fee/Rate Information for Legislative Action:

Requested Rates for Debt Collections, of collected amounts	xxxx	xxxx	12.00%	10.00%	12.00%	15.00% DoR.
						Requested----- Legislation is proposed to move to

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06560	DP UNIT PROPRIETARY FUND	6101	DEPARTMENT OF ADMINISTRATION	NETWORK SUPPORT UNIT

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	(2,925)	(3,546)	5,383	2,580	(1,087)	2,848	(3,229)
Increases								
Fee Revenue	34,346	34,024	60,468	65,673	130,693	127,799	145,652	151,896
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Increases	34,346	34,024	60,468	65,673	130,693	127,799	145,652	151,896
(Decreases)								
Personal Services	34,269	33,786	45,107	54,564	107,782	110,106	117,677	117,317
Operations	3,002	859	6,432	13,912	21,256	13,758	34,052	34,185
Transfers Out	0	0	0	0	4,675	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Decreases	37,271	34,645	51,539	68,476	133,713	123,864	151,729	151,502
Adjustments to Beginning Retained Earnings	0	0	0	0	(647)			
Ending Retained Earnings	(2,925)	(3,546)	5,383	2,580	(1,087)	2,848	(3,229)	(2,835)
Total Contributed Capital	0	0	0	0	0	0	0	0
Total Fund Equity	(2,925)	(3,546)	5,383	2,580	(1,087)	2,848	(3,229)	(2,835)
Unreserved Fund Balance								
60 Days of Expenses	6,212	5,774	8,590	11,413	21,506	20,644	25,288	25,250

Fee/Rate Information for Legislative Action:						Requested-----		
Requested Rates for DoA Indirect Cost Pool, Network Support Unit								
Programming Cost/per hr	xxxx	xxxx	\$15	\$15	\$18	\$18	Charges to maintain 60 day working capital.	
Support per computer	xxxx	xxxx	\$503	\$505	\$547	\$548		
							\$668	\$685

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06564	WARRANT WRITING	6101	DEPARTMENT OF ADMINISTRATION	Acctg & Mgmt Support

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	78,766	107,245	118,182	102,476	79,845
Increases								
Fee Revenue	0	0	946,443	818,228	759,235	762,527	677,203	671,442
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	12	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>0</b>	<b>0</b>	<b>946,443</b>	<b>818,228</b>	<b>759,247</b>	<b>762,527</b>	<b>677,203</b>	<b>671,442</b>
(Decreases)								
Personal Services	0	0	180,144	167,075	165,385	188,007	157,886	157,308
Operations	0	0	689,011	622,674	588,029	590,226	541,948	478,154
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	8,783	8,783
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>0</b>	<b>0</b>	<b>869,155</b>	<b>789,749</b>	<b>753,414</b>	<b>778,233</b>	<b>708,617</b>	<b>644,245</b>
Adjustments to Beginning Retained Earnings	0	0	1,478	0	5,104	0	0	0
<b>Ending Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>78,766</b>	<b>107,245</b>	<b>118,182</b>	<b>102,476</b>	<b>71,062</b>	<b>107,042</b>
Total Contributed Capital	0	0	34,881	35,756	20,779	20,779	20,779	20,779
<b>Total Fund Equity</b>	<b>0</b>	<b>0</b>	<b>113,647</b>	<b>143,001</b>	<b>138,961</b>	<b>123,255</b>	<b>91,841</b>	<b>127,821</b>
Unreserved Fund Balance								
60 Days of Expenses	0	0	144,859	131,625	125,569	129,706	118,103	107,374

## Fee/Rate Information for Legislative Action:

Requested-----

Authority

Requested Rates for

Warrant Writer function

xxxx

xxxx Budget is distributed as fixed cost to agencies, based on FY98 projected actuals.

17-8-301

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06066	SURPLUS PROPERTY	6101	DEPARTMENT OF ADMINISTRATION	Procurement & Printing

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	207,995	344,562	313,415	360,286	403,901
Increases								
Fee Revenue	0	0	837,222	767,530	533,666	708,200	708,200	708,200
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
Total Increases	0	0	837,222	767,530	533,666	708,200	708,200	708,200
(Decreases)								
Personal Services	0	0	280,568	244,430	225,443	251,765	237,423	236,516
Operations	0	0	400,100	374,522	331,753	409,564	427,162	426,569
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	2,036	1,065	0			
Miscellaneous, other	0	0	4,202	10,946	2,835			
Total Decreases	0	0	686,906	630,963	560,031	661,329	664,585	663,085
Adjustments to Beginning Retained Earnings	0	0	57,679	0	(4,782)			
Ending Retained Earnings	0	0	207,995	344,562	313,415	360,286	403,901	449,016
Total Contributed Capital	0	0	300,163	693,873	284,849	300,000	300,000	300,000
Total Fund Equity	0	0	508,158	1,038,435	598,264	660,286	703,901	749,016
Unreserved Fund Balance								
60 Days of Expenses	0	0	113,784	103,336	92,866	110,222	110,764	110,514

Agency Charges (Provided as Information Only for Enterprise funds [ service to outside state government]).

FEE/CHARGE DESCRIPTION	FY98	FY99	FY00	FY01
State Surplus Prop. Handling Fee	\$160,327	\$300,200	\$300,200	\$300,200
Federal Surplus Prop. Handling Fee	\$371,332	\$405,000	\$405,000	\$405,000
RLSO Property Handling Fee	\$2,007	\$3,000	\$3,000	\$3,000

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06530	PUBLICATIONS & GRAPHICS	6101	DEPARTMENT OF ADMINISTRATION	

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,175,925	1,156,187	1,323,788	1,259,002	1,253,238	1,104,978	995,289	795,219
Increases								
Fee Revenue	5,486,663	6,196,819	6,392,741	6,454,867	6,212,956	6,141,755	6,297,504	6,647,042
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	50			
Miscellaneous, other	0	0	0	13,148	0			
<b>Total Increases</b>	<b>5,486,663</b>	<b>6,196,819</b>	<b>6,392,741</b>	<b>6,468,015</b>	<b>6,213,006</b>	<b>6,141,755</b>	<b>6,297,504</b>	<b>6,647,042</b>
(Decreases)								
Personal Services	734,442	804,797	754,187	862,267	774,991	927,183	862,987	934,890
Operations	4,659,738	5,217,533	5,698,851	5,611,512	5,536,848	5,171,216	5,452,642	5,630,249
Transfers Out	0	0	0	0	0	153,045	181,945	181,945
Miscellaneous, operating	0	1,019	0	0	0			
Miscellaneous, other	55,861	5,869	4,489	0	14,160			
<b>Total Decreases</b>	<b>5,450,041</b>	<b>6,029,218</b>	<b>6,457,527</b>	<b>6,473,779</b>	<b>6,325,999</b>	<b>6,251,444</b>	<b>6,497,574</b>	<b>6,747,084</b>
Adjustments to Beginning Retained Earnings	(56,360)	0	0	0	(35,267)			
<b>Ending Retained Earnings</b>	<b>1,156,187</b>	<b>1,323,788</b>	<b>1,259,002</b>	<b>1,253,238</b>	<b>1,104,978</b>	<b>995,289</b>	<b>795,219</b>	<b>695,177</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>1,156,187</b>	<b>1,323,788</b>	<b>1,259,002</b>	<b>1,253,238</b>	<b>1,104,978</b>	<b>995,289</b>	<b>795,219</b>	<b>695,177</b>
Unreserved Fund Balance								
60 Days of Expenses	899,030	1,003,892	1,075,506	1,078,963	1,051,973	1,016,400	1,052,605	1,094,190

## Fee/Rate Information for Legislative Action:

## Requested Rates for Internal Service Funds

Requested-----

18-7-301-307, MCA

Internal Printing		Rate is based on number of copies per original							
Copies per original									
1 to 20	0.06	0.039	0.024	0.024	0.024	0.024	0.024	0.024	0.024
21 to 100	0.024	0.024	0.024	0.024	0.024	0.024	0.024	0.024	0.024
101 to 1000	0.012	0.012	0.012	0.012	0.012	0.012	0.012	0.012	0.012
1001 to 5000	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Over 5000	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
Contracted Printing		Rate is based on dollar amount of completed purchase order with a \$500 maximum charge							
Dollar amount of PO									
\$1 to \$100	15%	15%	5%	5%	5%	5%	5%	5%	5%
\$101 to \$500	10%	10%	5%	5%	5%	5%	5%	5%	5%
\$501 to \$1000	5%	5%	5%	5%	5%	5%	5%	5%	5%
Over \$1000	2%	2%	5%	5%	5%	5%	5%	5%	5%
Maximum Fee	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Photocopy Pool		Rate is based on markup on actual costs							
Markup	15%	10%	10%	10%	10%	10%	10%	10%	10%

## Agency Charges-For Information Only

For each area, revenue is listed first, followed by the measurable service level for that area

Internal Printing									
Revenue	1,524,761	1,734,052	1,430,215	1,667,117	1,460,777	1,813,811	1,677,079	1,899,075	
Impressions (millions)	53	62.2	53.5	61.2	53.5	65	53	65	
Contracted Printing									
Revenue	3,317,863	3,663,303	4,127,200	3,876,336	3,889,101	3,446,823	3,685,000	3,718,800	
Number of PO's	1473	1545	1607	1534	1561	1300	1300	1300	
Photocopy Pool									

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06531	CENTRAL STORES	6101	DEPARTMENT OF ADMINISTRATION	Procurement & Printing

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,126,054	1,285,885	1,533,996	1,540,330	1,479,507	1,216,698	1,069,199	1,004,947
Increases								
Fee Revenue	3,723,052	4,331,019	4,096,015	3,584,670	3,787,540	3,901,165	4,018,200	4,138,746
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	200			
Miscellaneous, other	0	0	0	0	0			
Total Increases	3,723,052	4,331,019	4,096,015	3,584,670	3,787,740	3,901,165	4,018,200	4,138,748
(Decreases)								
Personal Services	594,286	538,812	263,458	303,322	340,579	362,296	356,134	354,774
Operations	2,964,812	3,538,016	3,763,745	3,339,498	3,677,439	3,686,368	3,726,318	3,718,468
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	7,911	6,080	2,118	1,065	0			
Miscellaneous, other	2,996	0	2,691	1,608	3,402			
Total Decreases	3,570,005	4,082,908	4,032,012	3,645,493	4,021,420	4,048,664	4,082,452	4,073,242
Adjustments to Beginning Retained Earnings	6,784	0	(57,669)	0	(29,129)			
Ending Retained Earnings	1,285,885	1,533,996	1,540,330	1,479,507	1,216,698	1,069,199	1,004,947	1,070,451
Total Contributed Capital	1,240,039	590,873	0	0	0			
Total Fund Equity	2,525,924	2,124,869	1,540,330	1,479,507	1,216,698	1,069,199	1,004,947	1,070,451
Unreserved Fund Balance								
60 Days of Expenses	594,502	680,485	671,554	607,314	669,670	674,777	680,409	678,874

Fee/Rate Information for Legislative Action:

Requested Rates for 06531,			Requested-----
Central Stores	xxxx	xxxx	Charges to maintain 60 day working capital. No change from last biennium.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06558	NATURAL GAS PROCUREMENT	6101	DEPARTMENT OF ADMINISTRATION	Procurement & Printing

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	7,621	3,768	2,089	1,897	1,695	2,285	2,785	2,785
Increases								
Fee Revenue	1,560	102,851	99,285	0	952	900	0	0
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>1,560</b>	<b>102,851</b>	<b>99,285</b>	<b>0</b>	<b>952</b>	<b>900</b>	<b>0</b>	<b>0</b>
(Decreases)								
Personal Services	0	0	0	0	0			
Operations	4,603	104,530	98,346	202	271	400	0	0
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	1,131	0	0			
<b>Total Decreases</b>	<b>4,603</b>	<b>104,530</b>	<b>99,477</b>	<b>202</b>	<b>271</b>	<b>400</b>	<b>0</b>	<b>0</b>
Adjustments to Beginning Retained Earnings	(810)	0	0	0	(91)			
<b>Ending Retained Earnings</b>	<b>3,768</b>	<b>2,089</b>	<b>1,897</b>	<b>1,695</b>	<b>2,285</b>	<b>2,785</b>	<b>2,785</b>	<b>2,785</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>3,768</b>	<b>2,089</b>	<b>1,897</b>	<b>1,695</b>	<b>2,285</b>	<b>2,785</b>	<b>2,785</b>	<b>2,785</b>
Unreserved Fund Balance								
60 Days of Expenses	767	17,422	16,391	34	45	67	0	0

## Fee/Rate Information for Legislative Action:

				Requested-----	Authority
Requested Rates for Internal Service Funds	xxxx	xxxx	New Proposal to discontinue this proprietary fund.		

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06561	STATEWIDE FUELING NETWORK	6101	DEPARTMENT OF ADMINISTRATION	Procurement & Printing

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(290)	(1,970)	8,962	18,611	11,691	4,602	4,602	4,602
Increases								
Fee Revenue	374	13,189	16,991	8,477	9,724	9,144	0	0
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
Total Increases	374	13,189	16,991	8,477	9,724	9,144	0	0
(Decreases)								
Personal Services	0	0	0	0	0			
Operations	2,054	2,257	7,342	15,397	11,515	9,144	0	0
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
Total Decreases	2,054	2,257	7,342	15,397	11,515	9,144	0	0
Adjustments to Beginning Retained Earnings	0	0	0	0	(5,298)			
Ending Retained Earnings	(1,970)	8,962	18,611	11,691	4,602	4,602	4,602	4,602
Total Contributed Capital	0	0	2,535	2,535	2,535	2,535	2,535	2,535
Total Fund Equity	(1,970)	8,962	21,146	14,226	7,137	7,137	7,137	7,137
Unreserved Fund Balance								
60 Days of Expenses	342	376	1,224	2,566	1,919	1,524	0	0

Fee/Rate Information for Legislative Action:			Requested-----	
Requested Rates for				
Statewide Fueling Network	xxxx	xxxx	New Proposal to discontinue this proprietary fund.	



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Number	Agency Name	Program Name
06522	ISO PROPRIETARY ACCOUNT	6101	DEPARTMENT OF ADMINISTRATION	ISO, Program 07

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	5,421,787	4,937,133	6,693,147	8,633,883	3,081,853	1,151,133	1,672,334	1,614,307
Increases								
Fee Revenue	17,914,972	18,797,248	22,529,518	18,265,611	22,372,396	24,596,771	30,083,873	30,728,304
Investment Earnings	1,426	0	0	0	0			
Transfers In	95,493	97,145	96,533	95,666	2,628			
Miscellaneous, operating	0	0	13,250	5,056	118,546			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>18,011,891</b>	<b>18,894,393</b>	<b>22,639,301</b>	<b>18,366,333</b>	<b>22,493,570</b>	<b>24,596,771</b>	<b>30,083,873</b>	<b>30,728,304</b>
(Decreases)								
Personal Services	4,685,586	4,758,439	5,024,010	5,555,802	6,191,844	5,516,016	8,597,932	8,935,257
Operations	12,826,726	12,897,541	14,629,948	17,875,918	16,812,839	18,559,554	21,543,968	21,673,325
Transfers Out	0	0	0	0	61,816	0		
Miscellaneous, operating	170,367	121,328	68,912	265,284	135,657			
Miscellaneous, other	9,481	100,463	962,700	221,359	164,792			
<b>Total Decreases</b>	<b>17,692,160</b>	<b>17,877,771</b>	<b>20,685,570</b>	<b>23,918,363</b>	<b>23,366,948</b>	<b>24,075,570</b>	<b>30,141,900</b>	<b>30,608,582</b>
Adjustments to Beginning Retained Earnings	(804,385)	739,392	(12,995)	0	(1,057,342)			
<b>Ending Retained Earnings</b>	<b>4,937,133</b>	<b>6,693,147</b>	<b>8,633,883</b>	<b>3,081,853</b>	<b>1,151,133</b>	<b>1,672,334</b>	<b>1,614,307</b>	<b>1,734,029</b>
Total Contributed Capital	1,752,942	1,752,942	1,752,942	1,670,548	1,592,495	1,592,495	1,592,495	1,592,495
<b>Total Fund Equity</b>	<b>6,690,075</b>	<b>8,446,089</b>	<b>10,386,825</b>	<b>4,752,401</b>	<b>2,743,628</b>	<b>3,264,829</b>	<b>3,206,802</b>	<b>3,326,524</b>
Unreserved Fund Balance								
60 Days of Expenses	2,947,113	2,962,885	3,287,145	3,949,501	3,856,723	4,012,595	5,023,650	5,101,430

## Fee/Rate Information for Legislative Action:

Requested-----

## Requested Rates for Internal

Service Funds

xxxx

xxxx

Ability to charge various rates in order to maintain 60-day working capital, except that the data network rates may not exceed \$67.50 per connection per month or the amount that was budgeted in an agency budget, whichever is more.

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06528	RENT AND MAINTENANCE	6101	DEPARTMENT OF ADMINISTRATION	General Services
06541	GROUNDS MAINTENANCE	5201	FISH, WILDLIFE AND PARKS	

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	561,858	751,646	570,076	1,193,501	939,754	985,457	799,221	830,489
Increases								
Fee Revenue	3,759,569	3,859,207	4,416,982	4,559,982	4,793,200	4,996,379	5,676,366	5,908,637
Investment Earnings	0	0	0	0	0			
Transfers In	138,358	43,263	53,465	21,860	58,800	0		
Miscellaneous, operating	0	0	4,182	25	0			
Miscellaneous, other	0	0	0	0	0			
Total Increases	3,897,927	3,902,470	4,474,629	4,581,867	4,852,000	4,996,379	5,676,366	5,908,637
(Decreases)								
Personal Services	737,655	735,525	776,878	801,358	841,431	899,950	923,180	921,233
Operations	2,942,213	3,295,814	3,071,657	3,778,184	3,586,529	4,282,665	4,689,518	4,891,412
Transfers Out	28,050	51,425	0	102,088	322,487			
Miscellaneous, operating	0	0	0	50,000	0		32,400	32,400
Miscellaneous, other	221	1,276	2,669	1,378	92			
Total Decreases	3,708,139	4,084,040	3,851,204	4,733,008	4,750,539	5,182,615	5,645,098	5,845,045
Adjustments to Beginning Retained Earnings	0	0	0	(102,606)	(55,758)			
Ending Retained Earnings	751,646	570,076	1,193,501	939,754	985,457	799,221	830,489	894,081
Total Contributed Capital	7,483	7,483	109,588	5,837	4,587			
Total Fund Equity	759,129	577,559	1,303,089	945,591	990,044	799,221	830,489	894,081
Unreserved Fund Balance								
60 Days of Expenses	613,311	671,890	641,423	771,590	737,993	863,769	940,850	974,174

Fee/Rate Information for Legislative Action:						Requested-----		
Requested Rates for 06528,								
Rent & Mntnc, DofA **	xxxx	xxxx	4.428	4.37	4.616	4.78	5.308	5.548
Requested Rates for 06541,								
Grnds Mntnc, FWP **	xxxx	xxxx	0.3129	0.3111	0.3446	0.3446	0.3446	0.3446
**Rate per square foot of office space rented from DofA								

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Number	Agency Name	Program Name
06523	MAIL & MESSENGER	6101	DEPARTMENT OF ADMINISTRATION	Central Mail

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	35,707	99,257	196,978	320,879	371,255	340,732	391,326	344,362
Increases								
Fee Revenue	2,838,833	3,182,349	3,576,308	3,357,538	3,234,671	3,612,207	3,403,683	3,402,250
Investment Earnings	0	0	3	1	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	578	0			
<b>Total Increases</b>	<b>2,838,833</b>	<b>3,182,349</b>	<b>3,576,311</b>	<b>3,358,117</b>	<b>3,234,671</b>	<b>3,612,207</b>	<b>3,403,683</b>	<b>3,402,250</b>
(Decreases)								
Personal Services	307,430	318,409	308,037	307,556	365,254	329,750	392,822	392,002
Operations	2,465,716	2,746,765	3,134,504	2,995,394	2,860,360	3,199,663	3,001,069	2,999,636
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	6,857	12,647	8,823	4,791	1,178	32,200	56,756	56,756
Miscellaneous, other	0	6,807	1,046	0	0			
<b>Total Decreases</b>	<b>2,780,003</b>	<b>3,084,628</b>	<b>3,452,410</b>	<b>3,307,741</b>	<b>3,226,792</b>	<b>3,561,613</b>	<b>3,450,647</b>	<b>3,448,394</b>
Adjustments to Beginning Retained Earnings	4,720	0	0	0	(38,402)			
<b>Ending Retained Earnings</b>	<b>99,257</b>	<b>196,978</b>	<b>320,879</b>	<b>371,255</b>	<b>340,732</b>	<b>391,326</b>	<b>344,362</b>	<b>298,218</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>99,257</b>	<b>196,978</b>	<b>320,879</b>	<b>371,255</b>	<b>340,732</b>	<b>391,326</b>	<b>344,362</b>	<b>298,218</b>
Unreserved Fund Balance								
60 Days of Expenses	463,334	512,970	575,227	551,290	537,799	593,602	575,108	574,732

## Fee/Rate Information for Legislative Action:

Requested-----

The Mail and Distribution program seeks a two approvals. First, a flexible rate that achieves a 60 day working capital reserve balance; and second, a rate for deadhead mail that equals the total amount allocated for deadhead mail charges in the fixed cost.

Type of Rate	FY98	FY99	FY00	FY01
DEADHEAD	\$157,157	\$157,157	\$163,704	\$163,704
MAIL & DISTRIBUTION	60-Day Working Capital Reserve	60-Day Working Capital Reserve	60-Day Working Capital Reserve	60-Day Working Capital Reserve

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06026	DEFERRED COMP ADMIN EXPENSES	6101	DEPARTMENT OF ADMINISTRATION	State Personnel

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	0	6	(329)	170	262
Increases								
Fee Revenue	0	0	0	244,600	33,000	38,000	40,500	40,500
Investment Earnings	0	0	0	0				
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>244,600</b>	<b>33,000</b>	<b>38,000</b>	<b>40,500</b>	<b>40,500</b>
(Decreases)								
Personal Services	0	0	0	0	27,886	34,052	36,787	36,527
Operations	0	0	0	244,594	3,285	3,449	3,621	3,802
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>244,594</b>	<b>31,171</b>	<b>37,501</b>	<b>40,408</b>	<b>40,329</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	(2,164)			
<b>Ending Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>(329)</b>	<b>170</b>	<b>262</b>	<b>433</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>(329)</b>	<b>170</b>	<b>262</b>	<b>433</b>
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	40,766	5,195	6,250	6,735	6,722

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06027	FLEXIBLE SPENDING FUNDS	6101	DEPARTMENT OF ADMINISTRATION	State Personnel

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	0	79,803	84,290	84,290	84,290
Increases								
Fee Revenue	0	0	0	74,481	72,379	67,262	76,231	78,114
Investment Earnings	0	0	0	0	58			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	2,541,164	4,882,141	2,692,670	3,482,837	3,807,220
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,615,645</b>	<b>4,954,578</b>	<b>2,759,932</b>	<b>3,559,068</b>	<b>3,885,334</b>
(Decreases)								
Personal Services	0	0	0	0	0			
Operations	0	0	0	2,535,842	4,711,055	2,759,932	3,559,068	3,885,334
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	58			
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,535,842</b>	<b>4,711,113</b>	<b>2,759,932</b>	<b>3,559,068</b>	<b>3,885,334</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	53,646			
<b>Ending Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,803</b>	<b>376,914</b>	<b>84,290</b>	<b>84,290</b>	<b>84,290</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,803</b>	<b>376,914</b>	<b>84,290</b>	<b>84,290</b>	<b>84,290</b>
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	422,640	785,186	459,989	593,178	647,556

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06525	INTERGOVERNMENTAL TRAINING	6101	DEPARTMENT OF ADMINISTRATION	PERSONNEL TRAINING

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	49,368	23,386	35,497	25,163	2,402	9,059	15,401	27,436
Increases								
Fee Revenue	159,999	178,638	188,389	188,475	203,399	251,080	266,180	276,247
Investment Earnings	0	4	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>159,999</b>	<b>178,642</b>	<b>188,389</b>	<b>188,475</b>	<b>203,399</b>	<b>251,080</b>	<b>266,180</b>	<b>276,247</b>
(Decreases)								
Personal Services	108,371	94,393	125,155	133,289	93,547	130,392	135,748	135,360
Operations	77,540	72,138	70,875	77,947	95,566	114,346	118,397	128,853
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	1	0	0	0	0			
Miscellaneous, other	69	0	2,693	0	0			
<b>Total Decreases</b>	<b>185,981</b>	<b>166,531</b>	<b>198,723</b>	<b>211,236</b>	<b>189,113</b>	<b>244,738</b>	<b>254,145</b>	<b>264,213</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	(7,629)			
<b>Ending Retained Earnings</b>	<b>23,386</b>	<b>35,497</b>	<b>25,163</b>	<b>2,402</b>	<b>9,059</b>	<b>15,401</b>	<b>27,436</b>	<b>39,470</b>
Total Contributed Capital	1,036	1,036	1,036	1,036	600	600	600	600
<b>Total Fund Equity</b>	<b>24,422</b>	<b>36,533</b>	<b>26,199</b>	<b>3,438</b>	<b>9,659</b>	<b>16,001</b>	<b>28,036</b>	<b>40,070</b>
Unreserved Fund Balance								
60 Days of Expenses	30,985	27,755	32,672	35,206	31,519	40,790	42,358	44,036

## Fee/Rate Information for Legislative Action:

	Requested-----							
Requested Rates for 06525, per hour	xxxx	xxxx	\$40.00	\$40.00	\$44.17	\$45.43	\$50.91	\$52.84

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06559	GROUP BENEFITS CLAIMS A/C	6101	DEPARTMENT OF ADMINISTRATION	State Personnel

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	13,674,889	19,743,637	23,790,168	24,724,446	25,454,470	28,544,013	27,828,958	24,075,614
Increases								
Fee Revenue	36,217	18,577	(15,435)	13,853	13,713			
Investment Earnings	1,108,570	1,708,124	2,222,921	3,250,220	3,353,204	1,791,350	1,391,400	1,268,450
Transfers In	0	0	0	0	0			
Miscellaneous, operating	38,150,809	41,972,917	41,337,812	43,127,398	48,037,101	48,427,506	52,452,792	56,685,605
Miscellaneous, other	0	0	0	0	0			
Total Increases	39,295,596	43,699,618	43,545,298	46,391,471	51,404,018	50,218,856	53,844,192	57,954,055
(Decreases)								
Personal Services	301,671	319,167	305,733	349,719	414,772	407,275	357,356	352,536
Operations	32,917,747	39,333,486	42,305,083	44,338,780	47,216,709	50,526,636	57,240,180	62,396,389
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	2	0	0	972,955	770,834			
Miscellaneous, other	751	434	204	508	40			
Total Decreases	33,220,171	39,653,087	42,611,020	45,661,962	48,402,355	50,933,911	57,597,536	62,748,925
Adjustments to Beginning Retained Earnings	(6,677)	0	0	515	87,880			
Ending Retained Earnings	19,743,637	23,790,168	24,724,446	25,454,470	28,544,013	27,828,958	24,075,614	19,280,744
Total Contributed Capital	0	0	0	0	0			
Total Fund Equity	19,743,637	23,790,168	24,724,446	25,454,470	28,544,013	27,828,958	24,075,614	19,280,744
Unreserved Fund Balance								
60 Days of Expenses	5,536,570	6,608,776	7,101,803	7,610,242	8,067,053	8,488,985	9,599,589	10,458,154

Fee/Rate Information for Legislative Action:			
Requested Rates for 06559, Group Benefits Claims	xxxx	xxxx	Maintain adequate actuarial reserves.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06563	PAYROLL FUND	6101	DEPARTMENT OF ADMINISTRATION	State Personnel

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	0	0	0	(45,940)	(73,552)	(87,490)	(24,157)	(90,088)
Increases								
Fee Revenue	0	0	555,684	565,397	595,182	984,186	308,746	308,746
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>0</b>	<b>0</b>	<b>555,684</b>	<b>565,397</b>	<b>595,182</b>	<b>984,186</b>	<b>308,746</b>	<b>308,746</b>
(Decreases)								
Personal Services	0	0	191,382	177,045	203,294	201,663	216,578	215,053
Operations	0	0	410,242	415,185	403,549	719,190	158,099	120,360
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	779	1,218			
<b>Total Decreases</b>	<b>0</b>	<b>0</b>	<b>601,624</b>	<b>593,009</b>	<b>608,061</b>	<b>920,853</b>	<b>374,677</b>	<b>335,413</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	(1,059)			
<b>Ending Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>(45,940)</b>	<b>(73,552)</b>	<b>(87,490)</b>	<b>(24,157)</b>	<b>(90,088)</b>	<b>(116,755)</b>
Total Contributed Capital	0	0	107,484	107,484	103,315	103,315	103,315	103,115
<b>Total Fund Equity</b>	<b>0</b>	<b>0</b>	<b>61,544</b>	<b>33,932</b>	<b>15,825</b>	<b>79,158</b>	<b>13,227</b>	<b>(13,640)</b>
Unreserved Fund Balance								
60 Days of Expenses	0	0	100,271	98,705	101,141	153,476	62,446	55,902

## Fee/Rate Information for Legislative Action:

## Requested-----

Requested Rates for 06563,  
State Payroll Fund

xxxx

xxxx

The State Payroll establishes a budget for 2001 biennium, distributes it as a fixed cost to the agencies, and bills each agency for its share based on a projected number of employees paid, which was determined from experience in FY 1997 and FY 1998.



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06532	AGENCY INSURANCE INT SVC	6101	DEPARTMENT OF ADMINISTRATION	Risk Management & Tort Defense

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(11,355,067)	(12,029,062)	(13,181,911)	(8,003,264)	(5,522,134)	(5,487,945)	(6,105,231)	(8,064,372)
Increases								
Fee Revenue	0	0	1,105	1,733	0			
Investment Earnings	310,597	483,386	501,677	749,649	852,507	512,490	519,766	524,289
Transfers In	522,228	69,547	88,454	0	15,839	430,000	57,797	53,880
Miscellaneous, operating	5,024,761	5,776,443	5,970,479	5,952,147	6,246,692	6,452,760	6,551,796	6,561,082
Miscellaneous, other	0	0	0	0	0	9,205	10,426	8,254
<b>Total Increases</b>	<b>5,857,586</b>	<b>6,329,376</b>	<b>6,561,715</b>	<b>6,703,529</b>	<b>7,115,038</b>	<b>7,404,455</b>	<b>7,139,785</b>	<b>7,147,505</b>
(Decreases)								
Personal Services	415,048	398,971	422,929	460,545	447,779	501,206	542,710	540,977
Operations	6,105,460	7,083,541	958,174	3,519,247	6,070,518	7,520,535	8,556,216	8,590,512
Transfers Out	22,971	0	0	0	257,782			
Securities Lending Expense	0	0	0	242,404	292,643	0	0	0
Miscellaneous, other	926	1,931	1,965	203	4,793			
<b>Total Decreases</b>	<b>6,544,405</b>	<b>7,484,443</b>	<b>1,383,068</b>	<b>4,222,399</b>	<b>7,073,515</b>	<b>8,021,741</b>	<b>9,098,926</b>	<b>9,131,489</b>
Adjustments to Beginning Retained Earnings	12,824	2,218	0	0	(7,334)			
<b>Ending Retained Earnings</b>	<b>(12,029,062)</b>	<b>(13,181,911)</b>	<b>(8,003,264)</b>	<b>(5,522,134)</b>	<b>(5,487,945)</b>	<b>(6,105,231)</b>	<b>(8,064,372)</b>	<b>(10,048,356)</b>
Total Contributed Capital	2,801	2,801	2,801	2,801	2,306	2,306	2,306	2,306
<b>Total Fund Equity</b>	<b>(12,026,261)</b>	<b>(13,179,110)</b>	<b>(8,000,463)</b>	<b>(5,519,333)</b>	<b>(5,485,639)</b>	<b>(6,102,925)</b>	<b>(8,062,066)</b>	<b>(10,046,050)</b>
Unreserved Fund Balance								
60 Days of Expenses	1,086,751	1,247,085	230,184	703,699	1,135,157	1,336,957	1,516,488	1,521,915

## Fee/Rate Information for Legislative Action:

Requested-----

The rate objective is to maintain insurance rates sufficient to sustain consecutive "worst year" loss experience over FY2000 and 2001. Fiscal 1987 remains the single "worst year" since the inception of the self-insurance fund.

Requested Rates for Internal Service Funds	FY98	FY99	FY2000	FY2001	Authority
General Liability	3,632,199	3,812,492	3,834,842	3,834,842	MCA
Auto Liability	1,194,501	1,244,419	1,244,420	1,244,419	2-9-202
Property	1,140,109	1,104,108	1,147,684	1,147,684	2-9-202
Airport/Aircraft	134,014	133,514	122,108	122,108	2-9-202
All Other Lines	145,870	158,227	202,742	212,029	2-9-202
<b>Total Fees Charged</b>	<b>6246692.49</b>	<b>6452760</b>	<b>6551796</b>	<b>6561082</b>	

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name
06035	NEW FUND	6103	STATE COMPENSATION INS. FUND

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(37,627,288)	(5,770,112)	58,013,190	219,833,771	159,498,615	142,246,685	140,064,107	144,743,872
Increases								
Fee Revenue	32,209	29,682	36,035	43,115	37,807	35,627	35,627	35,627
Investment Earnings	14,081,499	23,963,283	33,125,228	39,277,139	50,226,801	37,310,373	37,547,373	38,801,373
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	181,684,113	153,038,609	114,940,029	88,433,571	76,397,319	66,049,000	67,080,000	69,112,000
Miscellaneous, other	362	0	645	4,401	0	0	0	0
<b>Total Increases</b>	<b>195,798,183</b>	<b>177,031,574</b>	<b>148,101,937</b>	<b>127,758,226</b>	<b>126,661,927</b>	<b>103,395,000</b>	<b>104,663,000</b>	<b>107,949,000</b>
(Decreases)								
Personal Services	5,763,870	6,759,117	6,670,659	6,814,414	7,930,121	8,569,694	8,838,807	9,121,649
Operations	155,784,566	106,474,098	(20,389,303)	83,565,221	67,000,362	66,156,024	68,442,659	68,815,538
Transfers Out	2,402,282	1	0	0	10,000,000	10,000,000	0	0
Miscellaneous, operating	542	0	0	7,023,358	5,177,920	6,360,000	6,360,000	6,360,000
Miscellaneous, other	0	4,574	0	0	0	0	0	0
<b>Total Decreases</b>	<b>163,951,260</b>	<b>113,237,790</b>	<b>(13,718,644)</b>	<b>97,402,993</b>	<b>90,108,403</b>	<b>91,085,718</b>	<b>83,641,466</b>	<b>84,297,187</b>
Adjustments to Beginning Retained Earnings	10,253	(10,482)	0	(90,690,389)	(61,053,918)	0	0	0
<b>Ending Retained Earnings</b>	<b>(5,770,112)</b>	<b>58,013,190</b>	<b>219,833,771</b>	<b>159,498,615</b>	<b>142,246,685</b>	<b>140,064,107</b>	<b>144,743,872</b>	<b>148,612,630</b>
Total Contributed Capital	11,999,555	11,583,535	11,599,402	0	0	0	0	0
<b>Total Fund Equity</b>	<b>6,229,443</b>	<b>69,596,725</b>	<b>231,433,173</b>	<b>159,498,615</b>	<b>142,246,685</b>	<b>140,064,107</b>	<b>144,743,872</b>	<b>148,612,630</b>
Unreserved Fund Balance								
60 Days of Expenses	26,924,830	18,872,203	(2,286,441)	16,233,832	13,351,401	13,514,286	13,940,244	14,049,531

The data cited in the table is for informational purposes only and is based on a biennial State Fund staff projection. The State Fund Board of Directors has not approved these estimated fund balances for fiscal 1999, fiscal 2000, and fiscal 2001.

The fund balances were estimated on an undiscounted basis.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name
06039	OLD STATE FUND	6103	STATE COMPENSATION INS. FUND
6049	Variable Payroll Tax Debt Service	6103	

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(497,436,287)	(471,393,594)	(413,937,725)	(355,138,334)	(273,850,099)	(225,053,309)	(207,626,898)	(197,774,898)
Increases								
Fee Revenue	0	0	0	0	0	0	0	0
Investment Earnings	1,252,571	931,411	1,163,584	2,922,685	2,469,927	8,434,000	8,879,000	8,370,000
Transfers In	42,167,467	50,080,956	0	0	725		0	0
Miscellaneous, operating	2,111	929,664	46,345,088	48,815,376	51,962,785	29,739,000	2,171,000	0
Miscellaneous, other	0	0	0	0	0		0	0
Total Increases	43,422,149	51,942,031	47,508,672	51,738,061	54,433,437	38,173,000	11,050,000	8,370,000
(Decreases)								
Personal Services	1,184,821	1,056,583	1,115,674	1,017,174	693,695	745,191	768,592	793,187
Operations	3,375,165	(18,576,107)	(23,093,197)	(25,030,497)	1,860,715	14,005,332	14,751,802	13,754,625
Transfers Out	2,381,792	1,303,451	0	0	725			
Miscellaneous, operating	10,437,678	10,702,235	8,977,804	2,527,349	37,388	1,352,000	1,352,000	1,352,000
Miscellaneous, other	0	0	1,709,000	3,535,201	0			
Total Decreases	17,379,456	(5,513,838)	(11,290,719)	(17,950,773)	2,592,523	16,102,523	16,872,394	15,899,812
Adjustments to Beginning Retained Earnings	0	0	0	11,599,401	0			
Ending Retained Earnings	(471,393,594)	(413,937,725)	(355,138,334)	(273,850,099)	(225,053,309)	(207,626,898)	(197,774,898)	(190,537,898)
Total Contributed Capital	0	0	0	90,667,899	154,467,898	154,467,898	154,467,898	154,467,898
Total Fund Equity	(471,393,594)	(413,937,725)	(355,138,334)	(183,182,200)	(70,585,411)	(53,159,000)	(43,307,000)	(36,070,000)
Unreserved Fund Balance								
60 Days of Expenses	2,499,611	(1,136,215)	(2,166,620)	(3,560,996)	431,966	2,683,754	2,812,066	2,649,969

The data cited in the table is for informational purposes only and is based on a biennial State Fund staff projection. The State Fund Board of Directors has not approved these estimated fund balances for fiscal 1999, fiscal 2000, and fiscal 2001.

The fund balances were estimated on an undiscounted basis.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06011	ALFALFA LEAF CUTTING BEE	6201	DEPARTMENT OF AGRICULTURE	Agricultural Enterprise
6016	BEGINNING FARM LOANS	6201		

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(175,756)	(175,463)	(176,435)	(176,269)	(176,711)	(177,028)	(176,022)	(173,784)
Increases								
Fee Revenue	4,681	4,123	3,300	3,495	3,465	5,000	5,000	5,000
Investment Earnings	335	529	449	371	462	1,000	1,000	1,000
Transfers In	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>5,016</b>	<b>4,652</b>	<b>3,749</b>	<b>3,866</b>	<b>3,927</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
(Decreases)								
Personal Services	2,444	3,382	1,500	1,756	3,032	2,228	3,056	3,056
Operations	2,279	2,242	2,083	2,305	1,158	2,766	706	706
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	23	20	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>4,723</b>	<b>5,624</b>	<b>3,583</b>	<b>4,084</b>	<b>4,210</b>	<b>4,994</b>	<b>3,762</b>	<b>3,762</b>
Adjustments to Beginning Retained Earnings	0	0	0	(224)	(34)			
<b>Ending Retained Earnings</b>	<b>(175,463)</b>	<b>(176,435)</b>	<b>(176,269)</b>	<b>(176,711)</b>	<b>(177,028)</b>	<b>(176,022)</b>	<b>(173,784)</b>	<b>(171,546)</b>
Total Contributed Capital	186,149	186,149	186,149	186,149	186,149	186,149	186,149	186,149
<b>Total Fund Equity</b>	<b>10,686</b>	<b>9,714</b>	<b>9,880</b>	<b>9,438</b>	<b>9,121</b>	<b>10,127</b>	<b>12,365</b>	<b>14,603</b>
Unreserved Fund Balance	10,686	9,714	9,880	9,438	9,121	10,127	12,365	14,603
60 Days of Expenses	787	937	597	681	702	832	627	627

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06052	HAIL INSURANCE	6201	DEPARTMENT OF AGRICULTURE	Central Management Division

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	4,200,108	4,248,855	5,623,362	4,828,309	5,477,464	5,598,863	5,926,161	6,232,383
Increases								
Fee Revenue	0	0	0	0	42	10	10	10
Investment Earnings	147,399	282,820	269,643	330,951	528,908	310,250	310,250	310,250
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	2,370,858	2,025,310	2,182,345	2,370,823	1,757,191	2,141,305	2,141,305	2,141,305
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>2,518,257</b>	<b>2,308,130</b>	<b>2,451,988</b>	<b>2,701,774</b>	<b>2,286,141</b>	<b>2,451,565</b>	<b>2,451,565</b>	<b>2,451,565</b>
(Decreases)								
Personal Services	163,967	167,431	157,242	161,377	190,532	155,855	176,931	175,680
Operations	2,271,998	740,781	3,062,931	1,803,336	1,738,016	1,923,412	1,923,412	1,923,412
Transfers Out	30,539	25,411	28,061	42,326	42,370	45,000	45,000	45,000
Miscellaneous, operating	0	0	0	43,230	157,195	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>2,466,504</b>	<b>933,623</b>	<b>3,248,234</b>	<b>2,050,269</b>	<b>2,128,113</b>	<b>2,124,267</b>	<b>2,145,343</b>	<b>2,144,092</b>
Adjustments to Beginning Retained Earnings	(3,006)	0	1,193	(2,350)	(36,629)	0	0	0
<b>Ending Retained Earnings</b>	<b>4,248,855</b>	<b>5,623,362</b>	<b>4,828,309</b>	<b>5,477,464</b>	<b>5,598,863</b>	<b>5,926,161</b>	<b>6,232,383</b>	<b>6,539,856</b>
Total Contributed Capital	5,776	5,776	5,776	5,776	5,776	0	0	0
<b>Total Fund Equity</b>	<b>4,254,631</b>	<b>5,629,138</b>	<b>4,834,085</b>	<b>5,483,240</b>	<b>5,604,639</b>	<b>5,926,161</b>	<b>6,232,383</b>	<b>6,539,856</b>
Unreserved Fund Balance						450,772	756,994	1,064,467
60 Days of Expenses	405,994	151,369	536,696	334,657	347,624	346,545	350,057	349,849

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06033	PRISON RANCH	6401	DEPT. OF CORRECTIONS	Correctional Enterprises

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	6,801,921	6,718,996	6,915,598	6,493,500	7,091,008	7,346,677	7,417,541	7,464,749
Increases								
Fee Revenue	2,031,429	1,942,043	1,890,486	2,203,886	2,793,870	2,549,072	2,549,072	2,549,072
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	5,189	2,680	9,070	2,792	1,792	1,792	1,792	1,792
Miscellaneous, other	0	13,109	0	521,181	0	0	0	0
<b>Total Increases</b>	<b>2,036,618</b>	<b>1,957,832</b>	<b>1,899,556</b>	<b>2,727,859</b>	<b>2,795,662</b>	<b>2,550,864</b>	<b>2,550,864</b>	<b>2,550,864</b>
(Decreases)								
Personal Services	642,917	678,095	694,038	827,187	919,633	930,000	948,796	944,929
Operations	1,107,021	1,096,326	1,239,430	1,303,164	1,345,958	1,350,000	1,354,860	1,354,860
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	369,605	0	388,186	0	201,489	200,000	200,000	200,000
<b>Total Decreases</b>	<b>2,119,543</b>	<b>1,774,421</b>	<b>2,321,654</b>	<b>2,130,351</b>	<b>2,467,080</b>	<b>2,480,000</b>	<b>2,503,656</b>	<b>2,499,789</b>
Adjustments to Beginning Retained Earnings	0	13,191	0	0	(72,913)	0	0	0
<b>Ending Retained Earnings</b>	<b>6,718,996</b>	<b>6,915,598</b>	<b>6,493,500</b>	<b>7,091,008</b>	<b>7,346,677</b>	<b>7,417,541</b>	<b>7,464,749</b>	<b>7,515,824</b>
Total Contributed Capital	0	0	0	20,955	20,955	20,955	20,955	20,955
<b>Total Fund Equity</b>	<b>6,718,996</b>	<b>6,915,598</b>	<b>6,493,500</b>	<b>7,111,963</b>	<b>7,367,632</b>	<b>7,438,496</b>	<b>7,485,704</b>	<b>7,536,779</b>
Unreserved Fund Balance								
60 Days of Expenses	291,656	295,737	322,245	355,059	377,599	380,000	383,943	383,298

---Miscellaneous, Other in Decreases is adjustments for depreciation, inventory change, livestock inventory change which is estimated at \$200,000 each year

---In FY-99 will have a HA B212 from Industries (A/E 06034) to the Ranch (06033) for 3.5 FTE and operating expenses. as was done in FY 1998.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06034	MSP INSTITUTIONAL INDUSTRIES	6401	DEPT OF CORRECTIONS	PRISON INDUSTRIES
06545	MSP INDUSTRIES TRAINING	6401	DEPT OF CORRECTIONS	

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,270,113	1,442,039	1,452,330	1,602,253	1,604,074	1,538,733	1,568,733	1,587,703
Increases								
Fee Revenue	1,893,394	2,274,519	3,165,090	2,370,123	2,453,091	2,550,000	2,600,000	2,600,000
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>1,893,394</b>	<b>2,274,519</b>	<b>3,165,090</b>	<b>2,370,123</b>	<b>2,453,091</b>	<b>2,550,000</b>	<b>2,600,000</b>	<b>2,600,000</b>
(Decreases)								
Personal Services	593,747	744,647	1,050,167	1,005,864	892,731	900,000	946,475	944,201
Operations	1,127,297	1,531,739	1,965,000	1,330,271	1,547,703	1,570,000	1,584,555	1,584,674
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	424	0	0	32,167	0	50,000	50,000	50,000
<b>Total Decreases</b>	<b>1,721,468</b>	<b>2,276,386</b>	<b>3,015,167</b>	<b>2,368,302</b>	<b>2,440,434</b>	<b>2,520,000</b>	<b>2,581,030</b>	<b>2,578,875</b>
Adjustments to Beginning Retained Earnings	0	12,158	0	0	(77,998)	0	0	0
<b>Ending Retained Earnings</b>	<b>1,442,039</b>	<b>1,452,330</b>	<b>1,602,253</b>	<b>1,604,074</b>	<b>1,538,733</b>	<b>1,568,733</b>	<b>1,587,703</b>	<b>1,608,828</b>
Total Contributed Capital	255,192	255,192	255,192	255,192	255,192	255,192	255,192	255,192
<b>Total Fund Equity</b>	<b>1,697,231</b>	<b>1,707,522</b>	<b>1,857,445</b>	<b>1,859,266</b>	<b>1,793,925</b>	<b>1,823,925</b>	<b>1,842,895</b>	<b>1,864,020</b>
Unreserved Fund Balance								
60 Days of Expenses	286,841	379,398	502,528	389,356	406,739	411,667	421,838	421,479

This rollup includes Industries (A/E 06034) and Vocational Training (A/E 06545) which involves two separate programs within MCE as well as two separate types of proprietary funds.

Miscellaneous Other in the Decreases is for net of inventory change, and depreciation

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06037	INDUSTRIES-WCC	6401	DEPT. OF CORRECTIONS	Women's Prison Industries

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	731	1,323	4,196	4,196	3,594	2,345	0	0
Increases								
Fee Revenue	0	0	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	1,695	1,030	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>1,695</b>	<b>1,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(Decreases)								
Personal Services	1,103	385	0	0	0	0	0	0
Operations	0	0	0	278	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>1,103</b>	<b>385</b>	<b>0</b>	<b>278</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments to Beginning Retained Earnings	0	2,228	0	(324)	(1,249)	(2,345)		
<b>Ending Retained Earnings</b>	<b>1,323</b>	<b>4,196</b>	<b>4,196</b>	<b>3,594</b>	<b>2,345</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Contributed Capital	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>1,323</b>	<b>4,196</b>	<b>4,196</b>	<b>3,594</b>	<b>2,345</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unreserved Fund Balance								
60 Days of Expenses	184	64	0	46	0	0	0	0

This accounting entity will be deleted in FY99 and will not be used in FY 00 or FY 01; balance will be moved to 06034, Prison Industries.



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06038	SWAN RIVER-VOC TRAINING	6401	DEPT OF CORRECTIONS	

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,560	1,636	1,636	1,636	1,636	1,636	0	0
Increases								
Fee Revenue	76	0	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Increases	76	0	0	0	0	0	0	0
(Decreases)								
Personal Services	0	0	0	0	0	0	0	0
Operations	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Decreases	0	0	0	0	0	0	0	0
Adjustments to Beginning Retained Earnings	0	0	0	0	0	(1,636)	0	0
Ending Retained Earnings	1,636	1,636	1,636	1,636	1,636	0	0	0
Total Contributed Capital	0	0	0	0	0	0	0	0
Total Fund Equity	1,636	1,636	1,636	1,636	1,636	0	0	0
Unreserved Fund Balance								
60 Days of Expenses	0	0	0	0	0	0	0	0

This accounting entity will be deleted in FY 1999 and will not be used in FY 2000 or FY 2001; all will be moved to 06034, Prison Industries.

Report on Internal Service & Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06552	POL Administrative Svcs	Commerce	6501	POL Administration

Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	109,956	279,049	247,194	141,268	63,219	47,702	137,206	186,716
Increases								
Fee Revenue	1,250,154	1,228,879	1,193,482	1,192,533	1,414,762	1,501,594	1,800,000	1,800,000
Investment Earnings								
Transfers In								
Miscellaneous, operating								
Miscellaneous, other	294	(5,957)	348	220		500		
Total Increases	1,250,448	1,222,922	1,193,830	1,192,753	1,414,762	1,502,094	1,800,000	1,800,000
(Decreases)								
Personal Services	839,522	932,103	899,221	1,025,675	1,026,018	1,062,031	1,297,512	1,290,790
Operations	268,333	337,286	309,702	292,457	355,869	350,559	452,978	442,376
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	81,724	0	0	0	0	0
Miscellaneous, other	(26,501)	(14,611)	9,110	(47,329)	0	0	0	0
Total Decreases	1,081,354	1,254,778	1,299,757	1,270,802	1,381,888	1,412,590	1,750,490	1,733,188
Adjustments to Beginning Retained Earnings					(48,393)			
Ending Retained Earnings	279,049	247,194	141,268	63,219	47,702	137,206	186,716	253,548
Total Contributed Capital	736	736	736	736	0	0	0	0
Total Fund Equity	279,785	247,930	142,004	63,955	47,702	137,206	186,716	253,548
Unreserved Fund Balance	279,049	239,257	141,268	63,219	47,702	137,206	186,716	253,548
60 Days of Expenses	184,643	211,565	215,108	219,689	230,314	235,432	291,748	288,861

Fee/Rate Information for Legislative Action:

-----Estimated-----								Authority
Requested Rates for Internal Service Funds	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01
POL HB0002 Recharge Rate	40.85%	39.88%	32.03%	31.94%	33.68%	33.38%	35.61%	35.68%
The revenue objective of the POL Administrative Services Pool of the POL Division of the Department of Commerce is to maintain the lowest possible recharges to supported licensing boards and occupational programs while attempting to maintain a reasonable and prudent 60 day working capital reserve.								
								37-1-101(6); MCA
								37-1-101(6); MCA

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Name	Agency Number	Program Name
06042	Single Audit Review	Commerce	6501	Single Audit Review
06043	Defalcation Audits			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	31,692	(8,833)	136,369	202,841	241,635	206,729	182,998	151,259
Increases								
Fee Revenue	958,751	765,538	253,950	257,575	234,799	231,600	236,000	236,000
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	144,918	146,068	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	65,000	65,000	65,000
<b>Total Increases</b>	<b>1,103,669</b>	<b>911,606</b>	<b>253,950</b>	<b>257,575</b>	<b>234,799</b>	<b>296,600</b>	<b>301,000</b>	<b>301,000</b>
(Decreases)								
Personal Services	865,603	531,112	98,948	149,950	154,545	163,989	170,487	170,294
Operations	271,611	223,227	88,603	66,336	72,715	156,342	162,252	161,310
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	2,507	5,686	0	0	0	0	0	0
Miscellaneous, other	4,473	6,379	2,579	2,495	3,230	0	0	0
<b>Total Decreases</b>	<b>1,144,194</b>	<b>766,404</b>	<b>190,130</b>	<b>218,781</b>	<b>230,490</b>	<b>320,331</b>	<b>332,739</b>	<b>331,604</b>
Adjustments to Beginning Retained Earnings	0	0	2,652	0	(39,215)	0	0	0
<b>Ending Retained Earnings</b>	<b>(8,833)</b>	<b>136,369</b>	<b>202,841</b>	<b>241,635</b>	<b>206,729</b>	<b>182,998</b>	<b>151,259</b>	<b>120,665</b>
Total Contributed Capital	105,612	105,626	105,626	105,626	105,626	105,626	105,626	105,626
<b>Total Fund Equity</b>	<b>96,779</b>	<b>241,995</b>	<b>308,467</b>	<b>347,261</b>	<b>312,355</b>	<b>288,624</b>	<b>256,885</b>	<b>226,281</b>
Unreserved Fund Balance								
60 Days of Expenses	189,954	126,671	31,259	36,048	37,877	53,389	55,457	55,267

## Agency Charges (Provided as Information Only for Enterprise funds primary service to outside state government).

Major Fee:	Local	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	Variable fee, as follows:	& ARM
Government Report Filing Fee:										8.94.4102
Annual revenues less than \$200,000 and federal financial assistance is less than or equal to \$25,000		\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a	
Annual revenues less than \$200,000 and federal financial assistance is greater than \$25,000		\$225	\$225	\$225	\$225	n/a	n/a	n/a	n/a	
Annual revenues less than \$200,000		n/a	n/a	n/a	n/a	\$0	\$0	\$0	\$0	
Annual revenues equal to or greater than \$200,000, but less than \$500,000		\$225	\$225	\$225	\$225	\$175	\$175	\$175	\$175	
Annual revenues equal to or greater than \$500,000, but less than \$1,000,000		\$425	\$425	\$425	\$425	\$375	\$375	\$375	\$375	
Annual revenues equal to or greater than \$1,000,000, but less than \$1,500,000		\$575	\$575	\$575	\$575	\$525	\$525	\$525	\$525	
Annual revenues equal to or greater than \$1,500,000, but less than \$2,500,000		\$650	\$650	\$650	\$650	\$600	\$600	\$600	\$600	
Annual revenues equal to or greater than \$2,500,000, but less than \$5,000,000		\$725	\$725	\$725	\$725	\$675	\$675	\$675	\$675	
Annual revenues equal to or greater than \$5,000,000, but less than \$10,000,000		\$775	\$775	\$775	\$775	\$725	\$725	\$725	\$725	
Annual revenues are equal to or greater than \$10,000,000		\$825	\$825	\$825	\$825	\$775	\$775	\$775	\$775	
Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	& ARM
Annual Fee	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	
Defalcation Audit Revenues	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	12-7-503, MCA

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Name	Agency Number	Program Name
06536	LGA Administrator L-G-S	Commerce	6501	Local Govt. Administrator

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(26,988)	(30,738)	(32,331)	(31,304)	(35,697)	(33,213)	(33,213)	(33,213)
Increases								
Fee Revenue	127,278	122,595	118,625	124,041	128,897	144,797	152,165	150,924
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>127,278</b>	<b>122,595</b>	<b>118,625</b>	<b>124,041</b>	<b>128,897</b>	<b>144,797</b>	<b>152,165</b>	<b>150,924</b>
(Decreases)								
Personal Services	119,461	112,959	106,320	115,448	112,014	127,282	131,673	130,743
Operations	11,567	11,229	11,278	12,986	14,399	17,515	19,910	19,582
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>131,028</b>	<b>124,188</b>	<b>117,598</b>	<b>128,434</b>	<b>126,413</b>	<b>144,797</b>	<b>151,583</b>	<b>150,325</b>
Adjustments to Beginning Retained Earnings	0	0	0	0	0	0	0	0
<b>Ending Retained Earnings</b>	<b>(30,738)</b>	<b>(32,331)</b>	<b>(31,304)</b>	<b>(35,697)</b>	<b>(33,213)</b>	<b>(33,213)</b>	<b>(32,631)</b>	<b>(32,614)</b>
Total Contributed Capital	0	0	0	0				
<b>Total Fund Equity</b>	<b>(30,738)</b>	<b>(32,331)</b>	<b>(31,304)</b>	<b>(35,697)</b>	<b>(33,213)</b>	<b>(33,213)</b>	<b>(32,631)</b>	<b>(32,614)</b>
Unreserved Fund Balance	(30,738)	(32,331)	(31,304)	(35,697)	(33,213)	(33,213)	(32,631)	(32,614)
60 Days of Expenses	21,838	20,698	19,600	21,406	21,069	24,133	25,264	25,054

## Fee/Rate Information for Legislative Action:

	-----Requested-----								Authority
Requested Rates for Internal Service Funds	0.36%	0.41%	1.41%	1.57%	1.77%	1.78%	1.33%	1.33%	

Authority: Departmental allocation of Administrative Costs to Local Government Assistance Division.

Allocation Methodology: Costs of this administrative unit are allocated to supervised programs based upon estimates of the amount of time dedicated to each program. The revenue objective of A/E 06536 is to maintain the lowest possible fund balance and recharge cost to supervised bureaus and programs. The negative fund balance associated with this accounting entity is because budgeted amounts (appropriations) do not recognize liabilities such as compensated absences.

Mandates: The LGA Administration program operates under multiple state and federal enabling statutes.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06012	Health Facility Loan Program	Commerce	6501	Health Facility Authority
06015	Health Facility Authority			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	681,025	826,934	972,721	1,148,282	1,359,939	1,589,700	1,780,817	1,992,636
Increases								
Fee Revenue	231,275	212,097	226,810	293,337	316,417	306,000	316,350	316,350
Investment Earnings	30,156	40,009	40,027	111,383	119,196	68,000	91,000	91,000
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	26,255	27,904	49,764	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>287,686</b>	<b>280,010</b>	<b>316,601</b>	<b>404,720</b>	<b>435,613</b>	<b>374,000</b>	<b>407,350</b>	<b>407,350</b>
(Decreases)								
Personal Services	54,852	54,494	54,882	70,115	107,595	104,593	106,441	106,155
Operations	86,907	79,713	86,143	91,636	63,714	78,290	89,090	73,037
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	32,103	28,234	0	0	0
Miscellaneous, other	18	16	15	1,209	0	0	0	0
<b>Total Decreases</b>	<b>141,777</b>	<b>134,223</b>	<b>141,040</b>	<b>195,063</b>	<b>199,543</b>	<b>182,883</b>	<b>195,531</b>	<b>179,192</b>
Adjustments to Beginning Retained Earnings	0	0	0	2,000	(6,309)	0	0	0
<b>Ending Retained Earnings</b>	<b>826,934</b>	<b>972,721</b>	<b>1,148,282</b>	<b>1,359,939</b>	<b>1,589,700</b>	<b>1,780,817</b>	<b>1,992,636</b>	<b>2,220,794</b>
Total Contributed Capital	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>826,934</b>	<b>972,721</b>	<b>1,148,282</b>	<b>1,359,939</b>	<b>1,589,700</b>	<b>1,780,817</b>	<b>1,992,636</b>	<b>2,220,794</b>
Unreserved Fund Balance	0	0	0	0	0	0	0	0
60 Days of Expenses	23,627	22,368	23,504	32,309	33,257	30,481	32,589	29,865

## Fee/Rate Information for Enterprise Fund:

Loan Amount	Initial Fee (\$)	Annual Fee	Total Fund Equity Requirement=\$2,231,463					
Up to \$1,000,000	500-5,000	Up to .15% of outstanding loan amount						
\$1,000,001 to \$5,000,000	2,500-15,000	Up to .15% of outstanding loan amount						
Greater than \$5,000,000	10,000-50,000	Up to .15% of outstanding loan amount						
Fee/Charge	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Fee Revenues*	\$231,275	\$212,097	\$226,810	\$293,337	\$316,417	\$306,000	\$316,350	\$316,350
Investment Earnings**	\$30,156	\$40,009	\$40,027	\$111,383	\$119,196	\$68,000	\$91,000	\$91,000
*Fee Revenues Authority: 90-7-211; 90-7-202(5) MCA; 8.120.206 ARM								
**Invest. Earnings Authority: 90-7-202(5); 90-7-211, 90-7-202(17); 90-7-317 MCA								

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06030	Financial Programs	6501	Commerce	Board of Housing
06031	06032: MBOH HAEF 1st Trust Company Funds			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	67,804,485	74,610,455	79,913,298	84,587,407	89,096,647	96,977,827	101,008,454	104,930,024
Increases								
Fee Revenue	35,302	81,244	41,570	166,170	80,117	91,000	91,000	91,000
Investment Earnings	48,039,888	12,522,467	11,160,545	10,064,453	12,773,729	9,600,000	9,600,000	9,600,000
Transfers In	0	0	0	0	150,000	0	0	0
Miscellaneous, operating	7,555	26,367,215	28,301,787	29,695,001	31,928,151	33,800,000	35,800,000	37,900,000
Miscellaneous, other	0	0	0	0	0	0	0	0
Total Increases	48,082,745	38,970,926	39,503,902	39,925,624	44,931,997	43,491,000	45,491,000	47,591,000
(Decreases)								
Personal Services	420,256	385,457	407,928	440,929	474,100	504,282	563,841	561,897
Operations	1,857,550	1,770,355	2,042,741	2,154,699	2,307,314	2,756,091	3,390,589	3,438,294
Transfers Out	0	0	0	0	150,000	0	0	0
Miscellaneous, operating	38,299,255	31,511,396	32,379,124	32,820,756	34,104,461	36,200,000	37,615,000	39,090,000
Miscellaneous, other	700,644	875	0	0	38,828	0	0	0
Total Decreases	41,277,705	33,668,083	34,829,793	35,416,384	37,074,703	39,460,373	41,569,430	43,090,191
Adjustments to Beginning Retained Earnings	0	0	0	0	23,886	0	0	0
Ending Retained Earnings	74,609,525	79,913,298	84,587,407	89,096,647	96,977,827	101,008,454	104,930,024	109,430,833
Total Contributed Capital	0	0	0	0	0	0	0	0
Total Fund Equity	74,609,525	79,913,298	84,587,407	89,096,647	96,977,827	101,008,454	104,930,024	109,430,833
Unreserved Fund Balance								
60 Days of Expenses	6,762,844	5,611,201	5,804,966	5,902,731	6,147,646	6,576,729	6,928,238	7,181,699

Agency Charges (Provided as Information Only for Enterprise funds (primary service to outside state government)). If applicable, provide authority for the charge.

FEE/CHARGE DESCRIPTION	FY 98 FEE/CHARGE	All fees for the 2001 biennium are the same as FY 1998 rates	AUTHORITY FOR FEE
Reservation fees-Single Family Program	1/2 of 1 % of the loan amount reserved		MCA 90-6-104
Reservation fees-Low Income Tax Credit Program (LITC)	4 1/2% of the tax credit amount reserved		MCA 90-6-104
Compliance monitoring fee-Low Income Tax Credit Program	\$5 per unit		MCA 90-6-104
Extension Fee	1/4 of 1% of the loan amount		MCA 90-6-104
Late Fee	1/2 of 1% of the loan amount		MCA 90-6-104
Pre 1980 Single Family Programs	1 1/2% spread between mortgage interest rate and bond yield. No limit on investment earnings		MCA 90-6-104 & IRC Section 143(g)(2)
Post Single Family Programs	1 1/8% spread between mortgage interest rate and bond yield. Investment earnings limited to the bond yield		MCA 90-6-104 & IRC Section 143(g)(2)
Post 1986 Multifamily Program	1 1/2% spread between the mortgage interest rate and the bond yield. Investment earnings limited to the bond yield		MCA 90-6-104 & IRC regs 1.148-2(d)(2)(ii)
Pre 1986 Multifamily Program	1 1/2% spread between the mortgage interest rate and the bond yield. No limit on investment earnings		MCA 90-6-104 & IRC Section 143(f)(2)
Multifamily Reservation Fee	up to 1% of the loan amount reserved		MCA 90-6-104
Interest Income on reverse annuity mortgage loans (RAM)	5% (new) 7% (old) loans		MCA 90-6-503 and 104
Interest income on Cash Assistance loans(CAP)	variable rates ranging from 5% to 7%		MCA 90-6-104
Interest on Investments	STIP investment rate		MCA 90-6-104

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Name	Agency Number	Program Name
06014	Industrial Revenue Bond I-95	Commerce	6501	Economic Development Bonds

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,611,437	1,845,518	1,866,569	2,133,539	2,543,398	3,036,705	3,399,215	3,261,725
Increases								
Fee Revenue (Budgeted)	249,220	62,127	61,699	70,334	7,070	8,000	8,000	8,000
Unloaned Bond Proceeds Investme	3,037,410	510,304	845,951	630,059	673,732	684,500	684,500	684,500
Loan Interest Earnings (Budgeted)							292,000	292,000
Loan Interest Earnings (Unbudgeted)	0	2,533,585	2,416,080	2,364,028	2,915,352	2,920,010	2,628,010	2,628,010
Total Budgeted Increases							300,000	300,000
Total Unbudgeted Increases							3,312,510	3,312,510
Total Increases	3,286,630	3,106,016	3,323,730	3,064,421	3,596,154	3,612,510	3,612,510	3,612,510
(Decreases)								
Personal Services (Budgeted)	90,811	116,753	133,247	117,370	124,213	127,435	133,937	133,254
Operations (Budgeted)	78,058	58,245	65,332	59,028	81,646	122,565	116,063	116,746
Outstanding Bonds Interest Paymen	2,883,680	2,939,850	2,860,758	2,477,913	2,953,273	3,000,000	3,500,000	3,500,000
Miscellaneous, other	0	117	281	251	0	0	0	0
Total Budgeted Decreases							250,000	250,000
Total Unbudgeted Decreases							3,500,000	3,500,000
Total Decreases	3,052,549	3,114,965	3,059,618	2,654,562	3,159,132	3,250,000	3,750,000	3,750,000
Adjustments to Beginning Retained Earnings	0	30,000	2,858	0	56,285	0	0	0
Ending Retained Earnings	1,845,518	1,866,569	2,133,539	2,543,398	3,036,705	3,399,215	3,261,725	3,124,235
Total Contributed Capital	23,478	23,478	23,478	23,478	23,478	23,478	23,478	23,478
Total Fund Equity	1,868,996	1,890,047	2,157,017	2,566,876	3,060,183	3,422,693	3,285,203	3,147,713
Unreserved Fund Balance	1,845,518	1,866,569	2,133,539	2,543,398	3,036,705	3,399,215	3,261,725	3,124,235
60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)	508,758	519,141	509,890	442,385	526,522	541,667	625,000	625,000

	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01
Bond Fees/Revenues	\$254,003	\$250,000	\$266,844	\$257,039	\$310,938	\$307,489	\$300,000	\$300,000

Nearly all budgeted program revenue is generated by a spread between the interest rates on bonds sold and the interest charged on loans made eligible governments. These revenues are received from the trustee annually. Consequently, a 270 day fund balance is required to fund the program between draws. Remaining revenues are received periodically, typically monthly, throughout the year. The requested fee is for budgeted operational costs and do not include monies to fund debt service.

17-5-1504(16)

17-5-1611(5)(6)

17-5-1621(6)

17-5-1643(1)

MCA

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06527	Investment Division	Commerce	6501	Investment Division

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	112,400	159,138	250,969	184,796	163,241	206,953	323,548	301,263
Increases								
Fee Revenue	48,707	745	1,544,901	1,651,778	1,876,066	1,830,000	2,100,000	2,000,000
Investment Earnings	1,612,520	1,677,442	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	900	0	0	0	0	0	0	0
Miscellaneous, other	0	6,399	0	0	0	200	200	200
<b>Total Increases</b>	<b>1,662,127</b>	<b>1,684,586</b>	<b>1,544,901</b>	<b>1,651,778</b>	<b>1,876,066</b>	<b>1,830,200</b>	<b>2,100,200</b>	<b>2,000,200</b>
(Decreases)								
Personal Services	1,155,011	1,104,046	1,166,066	1,206,076	1,234,043	1,277,646	1,354,253	1,347,343
Operations	463,456	488,097	442,674	462,929	491,159	435,959	768,232	613,526
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	612	0	0	0	0	0	0
Miscellaneous, other	0	0	105	138	0	0	0	0
<b>Total Decreases</b>	<b>1,618,467</b>	<b>1,592,755</b>	<b>1,608,845</b>	<b>1,669,143</b>	<b>1,725,202</b>	<b>1,713,605</b>	<b>2,122,485</b>	<b>1,960,869</b>
Adjustments to Beginning Retained Earnings	3,078	0	(2,229)	(4,190)	(107,152)	0	0	0
<b>Ending Retained Earnings</b>	<b>159,138</b>	<b>250,969</b>	<b>184,796</b>	<b>163,241</b>	<b>206,953</b>	<b>323,548</b>	<b>301,263</b>	<b>340,594</b>
Total Contributed Capital	21,730	11,060	11,060	20,073	18,298	18,298	18,298	18,298
<b>Total Fund Equity</b>	<b>180,868</b>	<b>262,029</b>	<b>195,856</b>	<b>183,314</b>	<b>225,251</b>	<b>341,846</b>	<b>319,561</b>	<b>358,892</b>
Unreserved Fund Balance	159,138	250,969	184,796	163,241	206,953	323,548	301,263	340,594
60 Days of Expenses	269,745	265,459	268,123	278,168	287,534	285,601	353,748	326,812

## Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service Funds	-----Requested-----								Authority
	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	
BOI Admin Charge	\$1,623,794	\$1,559,028	\$1,681,963	\$1,644,689	\$1,838,885	\$1,830,000	\$2,150,000	\$2,000,000	17-6-201(7)
The revenue objective of the Board of Investments is to assess the costs of operations to each portfolio the Board invests while attempting to maintain a reasonable and prudent 60 day working capital reserve.									



## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Name	Agency Number	Program Name
06001	State Lottery Fund	Commerce	6501	State Lottery Fund

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	(20)	(28)	159	(39)	(41)	(802)	(802)	(802)
Increases								
Fee Revenue	37,458,499	32,761,121	31,763,412	28,293,195	29,859,445	29,970,000	30,568,000	31,177,960
Investment Earnings	130,841	201,396	243,019	219,236	257,111	200,000	200,000	200,000
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	44,061	0	527	0	2,042	0	0	0
Miscellaneous, other	0	2,212	0	0	0	0	0	0
<b>Total Increases</b>	<b>37,633,401</b>	<b>32,964,729</b>	<b>32,006,958</b>	<b>28,512,431</b>	<b>30,118,598</b>	<b>30,170,000</b>	<b>30,768,000</b>	<b>31,377,960</b>
(Decreases)								
Personal Services	1,165,813	1,105,214	1,170,010	1,151,572	1,290,078	1,275,421	1,177,591	1,171,359
Operations	27,089,950	23,265,315	23,046,308	20,744,027	22,187,019	22,598,135	23,407,669	23,681,272
Transfers Out	9,377,236	8,594,013	7,803,062	6,603,260	6,570,311	6,246,444	6,182,740	6,525,329
Miscellaneous, operating	410	0	0	7,165	5,975	0	0	0
Miscellaneous, other	0	0	35,236	6,409	0	50,000	0	0
<b>Total Decreases</b>	<b>37,633,409</b>	<b>32,964,542</b>	<b>32,054,616</b>	<b>28,512,433</b>	<b>30,053,383</b>	<b>30,170,000</b>	<b>30,768,000</b>	<b>31,377,960</b>
Adjustments to Beginning Retained Earnings	0	0	47,460	0	(65,976)	0	0	0
<b>Ending Retained Earnings</b>	<b>(28)</b>	<b>159</b>	<b>(39)</b>	<b>(41)</b>	<b>(802)</b>	<b>(802)</b>	<b>(802)</b>	<b>(802)</b>
Total Contributed Capital	1,360	239,043	239,043	239,043	237,683	237,683	237,683	237,683
<b>Total Fund Equity</b>	<b>1,332</b>	<b>239,202</b>	<b>239,004</b>	<b>239,002</b>	<b>236,881</b>	<b>236,881</b>	<b>236,881</b>	<b>236,881</b>
Unreserved Fund Balance								
60 Days of Expenses	4,709,362	4,061,755	4,036,053	3,650,461	3,913,845	3,978,926	4,097,543	4,142,105

## Agency Charges (Provided as Information Only for Lottery (primary service to outside state government))

Fee/Charge Description	Fee/Chrg.	Fees FY 00	Fees FY01	Authority
Instant Tickets	\$1.00	\$8,364,000	\$8,531,280	23-7-202(5)
Instant Tickets	\$2.00			23-7-202(5)
License Fee	\$50.00	\$2,000	\$2,000	23-7-301(5)
On-line Tickets	\$1.00	\$22,134,000	\$22,576,680	23-7-202(5)
900 #	\$0.50	\$68,000	\$68,000	

\* Includes \$1 and \$2 Tickets

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Name	Agency Number	Program Name
06542	Central Services	Commerce	6501	Central Services

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	274,911	258,796	238,358	181,130	89,994	37,893	49,893	60,481
Increases								
Fee Revenue	842,262	822,100	824,520	890,208	1,061,406	1,075,000	1,189,000	1,187,000
Investment Earnings								
Transfers In								
Miscellaneous, operating								
Miscellaneous, other	(17,012)				399			
<b>Total Increases</b>	<b>825,250</b>	<b>822,100</b>	<b>824,520</b>	<b>890,208</b>	<b>1,061,805</b>	<b>1,075,000</b>	<b>1,189,000</b>	<b>1,187,000</b>
(Decreases)								
Personal Services	702,763	681,068	730,564	835,842	871,006	871,000	971,697	968,185
Operations	138,846	162,510	152,341	145,502	192,404	192,000	206,715	208,168
Transfers Out								
Miscellaneous, operating	(244)	(1,039)			0			
Miscellaneous, other								
<b>Total Decreases</b>	<b>841,365</b>	<b>842,539</b>	<b>882,904</b>	<b>981,344</b>	<b>1,063,410</b>	<b>1,063,000</b>	<b>1,178,412</b>	<b>1,176,353</b>
Adjustments to Beginning Retained Earnings			1,156		(50,496)			
<b>Ending Retained Earnings</b>	<b>258,796</b>	<b>238,358</b>	<b>181,130</b>	<b>89,994</b>	<b>37,893</b>	<b>49,893</b>	<b>60,481</b>	<b>71,128</b>
Total Contributed Capital	23,627	23,627	22,267	22,267	13,587	13,587	13,587	13,587
<b>Total Fund Equity</b>	<b>282,423</b>	<b>261,985</b>	<b>203,397</b>	<b>112,261</b>	<b>51,480</b>	<b>63,480</b>	<b>74,068</b>	<b>84,715</b>
Unreserved Fund Balance	258,796	238,358	181,130	89,994	37,893	49,893	60,481	71,128
60 Days of Expenses	140,228	140,423	147,151	163,557	177,235	177,167	196,402	196,059

## Fee/Rate Information for Legislative Action:

	Requested-----								Authority
Requested Rates for Internal Service Funds	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	
Federal Programs	8.20%	8.20%	8.20%	8.20%	9.68%	9.63%	9.85%	9.85%	See below.
State Programs	8.20%	8.20%	7.75%	8.20%	9.68%	9.63%	9.85%	9.85%	See below.

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]) If applicable, provide a

Allocation Methodology: Indirect costs are allocated to supported programs via a federally approved indirect cost rate for federally funded programs, and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs actual personal services expenditures.

Authority: Federally negotiated Indirect Cost Plan for federally funded programs and legislatively approved rate for state funded programs. FY00-01 estimated federal negotiation.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entry Number	Accounting Entry Name	Agency Number	Agency Name	Program Name
06040	SUBSEQUENT INJURY-TRUST FUND	6602	LABOR & INDUSTRY	Employee Relations Division
06041	SUBSEQUENT INJURY-ADMINISTRATION			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,893,344	2,924,781	3,301,902	3,914,998	3,927,861	49,703	(928,675)	(1,908,189)
Increases								
Fee Revenue	320,433	351,290	649,722	603,148	36,599	305,244	342,131	382,650
Investment Earnings	117,383	233,924	314,445	475,815	178,021	178,021	178,021	178,021
Transfers In	722,235	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	5,000	6,000	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>1,160,051</b>	<b>585,214</b>	<b>964,167</b>	<b>1,083,963</b>	<b>220,620</b>	<b>483,265</b>	<b>520,152</b>	<b>560,671</b>
(Decreases)								
Personal Services	11,988	32,033	14,431	12,955	17,173	22,745	23,881	25,075
Operations	107,393	176,060	336,640	408,521	1,062,124	1,405,244	1,442,131	1,482,650
Transfers Out	0	0	0	0	0	0	0	0
Miscellaneous, operating	0	0	0	149,624	33,654	33,654	33,654	33,654
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>119,381</b>	<b>208,093</b>	<b>351,071</b>	<b>571,100</b>	<b>1,112,951</b>	<b>1,461,643</b>	<b>1,499,666</b>	<b>1,541,379</b>
Adjustments to Beginning Retained Earnings	(9,233)	0	0	(500,000)	(2,985,827)	0	0	0
<b>Ending Retained Earnings</b>	<b>2,924,781</b>	<b>3,301,902</b>	<b>3,914,998</b>	<b>3,927,861</b>	<b>49,703</b>	<b>(928,675)</b>	<b>(1,908,189)</b>	<b>(2,888,897)</b>
Total Contributed Capital	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>2,924,781</b>	<b>3,301,902</b>	<b>3,914,998</b>	<b>3,927,861</b>	<b>49,703</b>	<b>(928,675)</b>	<b>(1,908,189)</b>	<b>(2,888,897)</b>
Unreserved Fund Balance								
60 Days of Expenses	19,897	34,682	58,512	95,183	185,492	243,607	249,944	256,897

## Fee/Rate Information for Legislative Action:

The amount of the assessment is statutorily set at the amount expended by the fund for benefit payments plus the cost of administration in the previous calendar year, less other income. the assessment is allocated among insurers based on their compensation.

Authority  
39-71-915, MCA

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06060	UNINSURED EMPLOYERS FUND	6602	LABOR & INDUSTRY	Employee Relations Division
06065	UNINSURED EMPLOYERS FUND - ADMIN			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	1,781,812	3,017,649	3,501,804	4,673,681	5,532,197	6,892,670	9,203,327	12,450,664
Increases								
Fee Revenue	60	(989,091)	364	149	510	500	500	500
Investment Earnings	17,054	32,813	42,107	64,021	75,342	75,342	75,342	75,342
Transfers In	0	0	0	0	0			
Miscellaneous, operating	2,109,074	4,133,131	3,647,575	6,001,199	4,336,010	5,439,371	6,542,732	7,646,093
Miscellaneous, other	0	0	0	0	0			
<b>Total Increases</b>	<b>2,126,188</b>	<b>3,176,853</b>	<b>3,690,046</b>	<b>6,065,369</b>	<b>4,411,862</b>	<b>5,515,213</b>	<b>6,618,574</b>	<b>7,721,935</b>
(Decreases)								
Personal Services	318,726	351,866	267,479	514,336	539,837	556,032	572,713	589,894
Operations	571,625	2,327,268	2,252,190	4,688,666	2,495,005	2,645,005	2,795,005	2,945,005
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	3,851	3,519	3,519	3,519	3,519
Miscellaneous, other	0	0	0	0	0			
<b>Total Decreases</b>	<b>890,351</b>	<b>2,679,134</b>	<b>2,519,669</b>	<b>5,206,853</b>	<b>3,038,361</b>	<b>3,204,556</b>	<b>3,371,237</b>	<b>3,538,418</b>
Adjustments to Beginning Retained Earnings								
Earnings	0	(13,564)	1,500	0	(14,028)			
<b>Ending Retained Earnings</b>	<b>3,017,649</b>	<b>3,501,804</b>	<b>4,673,681</b>	<b>5,532,197</b>	<b>6,891,670</b>	<b>9,203,327</b>	<b>12,450,664</b>	<b>16,634,180</b>
Total Contributed Capital	0	0	0	1,970	1,000			
<b>Total Fund Equity</b>	<b>3,017,649</b>	<b>3,501,804</b>	<b>4,673,681</b>	<b>5,534,167</b>	<b>6,892,670</b>	<b>9,203,327</b>	<b>12,450,664</b>	<b>16,634,180</b>
Unreserved Fund Balance								
60 Days of Expenses	148,392	446,522	419,945	867,809	506,394	534,093	561,873	589,736

## Fee/Rate Information:

The amount of the assessment is statutorily set at an amount equal to all benefits paid or to be paid from the fund to an injured employee of the uninsured employer. The department may require that the uninsured employer pay a penalty of either up to dou plan no. 3 or \$200, whichever is greater. In determining the premium amount for the calculation of the penalty, the department shall make an assessment based on how much premium would have been paid on the employer's past 3-year payroll for periods

Authority

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## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06051	MONTANA CAREER INFO SYSTEM	6602	LABOR & INDUSTRY	Employee Relations Division

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	23,423	32,528	16,550	37,308	35,387	(12)	50,000	50,000
Increases								
Fee Revenue	98,215	97,326	134,691	111,213	130,810	105,000	115,500	127,050
Investment Earnings	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0
Miscellaneous, operating	16,414	11,979	6,787	21,160	22	97,520	73,140	48,760
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Increases</b>	<b>114,629</b>	<b>109,305</b>	<b>141,478</b>	<b>132,373</b>	<b>130,832</b>	<b>202,520</b>	<b>188,640</b>	<b>175,810</b>
(Decreases)								
Personal Services	47,462	66,311	63,084	65,262	63,144	65,670	68,300	71,032
Operations	58,062	59,145	57,636	69,032	92,027	86,838	120,340	109,778
Transfers Out	0	0	0	0	769	0	0	0
Miscellaneous, operating	0	1,109	0	0	0	0	0	0
Miscellaneous, other	0	0	0	0	0	0	0	0
<b>Total Decreases</b>	<b>105,524</b>	<b>126,565</b>	<b>120,720</b>	<b>134,294</b>	<b>155,940</b>	<b>152,508</b>	<b>188,640</b>	<b>180,810</b>
Adjustments to Beginning Retained Earnings	0	1,282	0	0	(10,291)			
<b>Ending Retained Earnings</b>	<b>32,528</b>	<b>16,550</b>	<b>37,308</b>	<b>35,387</b>	<b>(12)</b>	<b>50,000</b>	<b>50,000</b>	<b>45,000</b>
Total Contributed Capital	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>32,528</b>	<b>16,550</b>	<b>37,308</b>	<b>35,387</b>	<b>(12)</b>	<b>50,000</b>	<b>50,000</b>	<b>45,000</b>
Unreserved Fund Balance								
60 Days of Expenses	17,587	21,094	20,120	22,382	25,862	25,418	31,440	30,135

## Agency Charges, For Information Only.

Rate: \$1,500 per site

Note: Miscellaneous Earnings are from Job Service Division's One-Stop Center Grant that is a three-year grant covering the period July 1, 1998 through December 31, 2000 for the MCIS program. This grant is a budget amendment item through JSD. Planned carryin will help replace loss of grant revenue at the end of year 2000.

## Report on Internal Service &amp; Enterprise Funds, 2001 Biennium

Accounting Entity Number	Accounting Entity Name	Agency Number	Agency Name	Program Name
06546	COMMISSIONER'S OFFICE/CSD	6602	LABOR & INDUSTRY	Commissioner's Office
06547	INFORMATION SERVICES BUREAU			
06551	JSD RENT COLLECTIONS			
06562	DLI SPECIAL PROJECTS			

## Fund Balance Information

	FY94	FY95	FY96	FY97	FY98	Estimated FY99	Estimated FY00	Estimated FY01
Beginning Retained Earnings	230,971	350,519	441,681	406,194	448,158	343,935	17,794	17,794
Increases								
Fee Revenue	709,658	591,718	560,719	727,189	756,952	683,469	981,380	913,289
Investment Earnings	0	0	0	0	0			
Transfers In	0	0	0	0	0			
Miscellaneous, operating	46,057	51,447	37,547	35,679	14,805			
Miscellaneous, other	1,093,509	1,004,574	950,002	977,115	856,803	756,952	1,063,162	989,397
Total Increases	1,849,224	1,647,739	1,548,268	1,739,983	1,628,560	1,440,421	2,044,542	1,902,686
(Decreases)								
Personal Services	1,341,068	1,277,712	1,249,572	1,333,326	1,215,055	1,386,601	1,421,358	1,413,394
Operations	345,301	311,623	351,865	369,503	419,036	379,961	623,184	489,292
Transfers Out	0	0	0	0	0			
Miscellaneous, operating	0	0	0	0	0			
Miscellaneous, other	43,307	0	1,409	0	687			
Total Decreases	1,729,676	1,589,335	1,602,846	1,702,829	1,634,778	1,766,562	2,044,542	1,902,686
Adjustments to Beginning Retained Earnings	0	32,758	19,091	4,810	(98,005)			
Ending Retained Earnings	350,519	441,681	406,194	448,158	343,935	17,794	17,794	17,794
Total Contributed Capital	0	0	24,357	33,295	10,947			
Total Fund Equity	350,519	441,681	430,551	481,453	354,882	17,794	17,794	17,794
Unreserved Fund Balance								
60 Days of Expenses	281,062	264,889	266,906	283,805	272,349	294,427	340,757	317,114

## Fee/Rate Information for Legislative Action:

						Not to exceed 8.65%; actual 7.61%	Requested-----	Authority
Rates for Commissioner's Office,								
06546: % of personal services	xxx	xxx	6.75%	7.64%	7.73%		9.60%	8.90%
For all other listed funds	on actual cost to proportional use							Title 17, MCA

# UNIFIED PREVENTION BUDGET

## Unified Budget for State Prevention Programs

The following budget figures are for those programs which bear a strong relationship to the five primary goals identified by the Interagency Coordinating Council for State Prevention Programs (ICC):

- Reduce child abuse and neglect by promoting child safety and healthy family functioning;
- Reduce youth use of tobacco, alcohol and other drugs by promoting alternate activities and healthy lifestyles;
- Reduce youth violence and crime by promoting the safety of all citizens;
- Increase the percentage of Montana high school students who successfully transition from school to work, post-secondary education, training and/or the military;
- Reduce teen pregnancy by promoting the concept that sexual activity, pregnancy and child rearing are serious responsibilities.

All budget items reflected in the Unified Budget are also listed within the specific agency budgets. The Unified Budget reflects the amount of money on prevention-based activities within a specific goal area as well as the level of collaboration between prevention-based programs in planning, training and delivery of services.

### *Child Abuse and Neglect Prevention*

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal, State Special Revenue, State General Fund	Montana Children's Trust Fund, Partnership Project to Strengthen Families, Big Brothers and Big Sisters (DPHHS/CFS)	\$1,801,127	\$1,801,127	\$1,801,127	Partnership Projects to Strengthen Families, OPI, DOC, DOJ, Governor's Office, MBCC, Montana Council for Families, Casey Family Program, Domestic Violence Programs, Family Based Services

### Substance Abuse Prevention

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal	Substance Abuse Prevention and Treatment Block Grant (20% set aside), State Incentive Cooperative Agreement Program, Needs Assessment Project (DPHHS/AMDD), Tobacco Prevention and Control (DPHHS/HPSD)	\$1,092,327	\$4,529,308	\$4,479,389	Member agencies of the ICC, other chronic disease prevention programs, other departmental programs (Medicaid, Family and Community Health Bureau, Vital Statistics, AMDD, DOJ, OPI)

### *Substance Abuse and Crime Prevention*

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal	Safe and Drug Free Schools & Communities Act (OPI & MBCC)	\$2,748,272	\$2,748,272	\$2,748,272	OPI, DPHHS, schools; law enforcement, tribal government, courts

# UNIFIED PREVENTION BUDGET

## Violence and Crime Prevention

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal, State General Fund	Montana Behavioral Initiative (OPI), Byrne Memorial Funds (MBCC), Rape Prevention and Education, Sexual Assault Project (DPHHS), Prevention Specialist (DOJ)	\$185,361	\$185,361	\$185,361	Schools, Montana School Administrators Association, Montana Education Association, DPHHS, MCC, local prevention councils, rape crisis centers. OPI

## School Drop-out Prevention

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
State General Fund, Federal	Jobs for Montana Graduates, Summer Youth Program and the In-School/Out of School Youth Employment Program (DoLI), Independent Living Program (DPHHS/CFS)	\$2,634,709	\$3,179,535	\$3,179,535	Schools, employers, OPI, local job service, Office of Commissioner of Higher Education, foster parents, University of Montana, HDRCs

## Teen Pregnancy Prevention

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal	Family Planning Program (DPHHS/HPSD)	\$354,863	\$354,863	\$354,863	Extensive collaboration with other divisional and departmental programs, OPI

## STD Prevention

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Federal	Communicable Disease Prevention (DPHHS/HPSD)	\$255,870	\$255,870	\$255,870	Family Planning clinics and planned parenthood. Collaboration with OPI, AMDD, HIV Prevention corrections, American Red Cross

## Building Community Infrastructure

Source of Funding	Programs	SFY '98 Base Expenditures	Request for 2000	Request for 2001	Collaboration Partners
Foundation Grant, Federal	Healthy Communities and Public health Initiatives (DPHHS/HPSD), Head Start/State Collaboration (DPHHS/CFS)	\$250,000	\$250,000	\$250,000	DPHHS, Child Care Partnerships, Montana Head Start Association, schools, volunteer groups, citizens, local collaboration with city/county officials and personnel

Grand Total	Represents 0.56% of ICC member agency budgets*	\$13,304,336	\$13,254,417
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\*OPI, MBCC, DOJ, DOC, DOLI, DPHHS. Total appropriations for FY '98=\$1,654,221,016



## ADA REPORT

The Americans with Disabilities Act (ADA) gives federal civil rights protections to individuals with disabilities similar to those provided to individuals on the basis of race, color, sex, national origin, age, and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, state and local government services, and telecommunications.

It is the policy of the State of Montana that discriminatory barriers to employment in state government on the basis of disability must be eliminated, in accordance with relevant state and federal laws such as the Montana Human Rights Act of 1974, Section 504 of the Rehabilitation Act of 1973, and Titles I and II of the ADA of 1990. Several state personnel policies refer to the various provisions of these laws. The intent of this policy statement is to link together these provisions into one consolidated policy statement. Following is the agency progress report of ADA compliance:

### Removing Physical Barriers:

**A = All facilities are in the Capitol Complex.**

**B = No planning or initiatives in this area.**

**C = Preliminary planning underway in this area.**

**D = A well-developed transition plan exists and partial activity in this area.**

**E = A well-developed transition plan exists and major activity in this area.**

**F = Transition plan activities are complete; review process in place for new facilities.**

### ADA Implementation Progress:

**0 = No planning or initiatives in this area.**

**1 = Preliminary planning underway in this area.**

**2 = A well-developed written self-evaluation exists in this area.**

**3 = Well-developed plans exist and partial activity in this area.**

**4 = Well-developed plans exist and major activity in this area.**

**5 = Major evidence of accessibility in this area.**

**6 = Continual review process in place to monitor need for activity as changes occur.**

AMERICANS WITH DISABILITIES ACT OF 1990 (ADA)						
1996 PROGRESS REPORT						
Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
Legis Serv 1104	all	A	5	5	5	1
Consumer Counsel 1112	1	B	6	6	6	0

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
Supreme Ct 2110	all	A	0	0	0	0
Governor 3101	all	A	6	6	6	6
Sec of State 3201	all	F	6	6	6	6
Pol Practices 3202	1	A	0	0	0	0
St Auditor's 3401	all	A	6	6	6	6
OPI 3501	6	F	5	6	5	6
College Tech 3513	all Gt Falls	F	6	5	5	5
College Tech 3514	all Helena	D	4	3	5	3
BdCrimeCon 4107	all	A	6	6	6	6
Justice 4110	1 Atty Gen/legal	A	3	5	3	2
4110	7 Gamble Control	B	6	6	6	6
4110	12,17 Motor Vehicles	C	6	6	2	6
4110	13 Hwy Patrol	C	2	5	2	3
4110	18 Law Enforce Services	C	1	5	1	1
4110	22 Law Enforce Academy	E	0	5	4	1
4110	28 Cent Serv & Plan	A	5	5	5	3
4110	29 Comp Serv & Plan	A	1	5	1	1
4110	32 Forensic Science	E	1	5	1	1
PubServCom 4201	1	F	6	6	6	6

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
5101 Bd of Public Ed						
ComHighEd 5102	1 Admin	F	6	6	6	6
5102	2 Student Asst Prog	F	6	6	6	6
5102	3 Eisen-hower Gr	F	6	6	6	6
5102	5 Benefits Group	F	5	6	6	5
5102	6 Talent Search	F	3	3	3	3
5102	8 Perkins Prog	F	5	6	5	6
5102	12 Guar StudLoan	F	6	6	6	6
5102	13 Bd of Regents	F	6	6	6	6
5103 UM	all	E	4	6	6	6
5104 MSU-Bozeman	all	D	5	5	5	5
5105 Mt Tech - UM	all	D	3	6	3	6
5106 MSU Billings						
5107 MSU-Northern						
5108 WMC of UM						
5109 MSU Agric Exper Station						
5110 Coop Extension Service						
Sch Deaf & Blind 5113	1 Admin	C	3	5	5	3
5113	3 Stud Services	C	3	5	5	3

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
5113	4 Education	C	3	5	5	3
MtArtsCoun 5114	1	E	5	6	6	1
St Library 5115	1	A	5	5	5	1
Hist Society 5117	all-excludes original Gov Mansion	A	5	4	5	3
5119 Fire Services Trng School						
FWP 5201	1 Admin & Finance	D	3	4	4	3
5201	2 Field Services	A	4	4	5	3
5201	3 Fisheries	E	5	5	5	3
5201	4 Law Enforce	D	4	5	N/A	3
5201	5 Wildlife	D	4	4	5	3
5201	6 Parks	E	4	4	5	3
5201	8 Cons Educ	D	3	4	5	3
5201	9 Mgmt	D	3	4	5	3
DEQ 5301	10 Cent Services	A,F	1	1	1	1
5301	11 Petrol Bd	C	1	1	1	1
5301	20Preven Plan&Ass	A,F	1	1	1	1
5301	30 Enfor-cement	A,F	1	1	1	1
5301	40 Remedia-tion	C	1	1	1	1
5301	50 Permit & Compl	A,F	1	1	1	1
Transporta-tion 5401	1 Gen'l Operation	F	6	6	6	6

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employ- ment	Public Meetings	Staff Training
5401	2 Construction Prog	E	4	5	5	4
5401	3 Mainte- nance	F	4	4	6	6
5401	7 Motor Pool	F	5	6	6	6
5401	8 Equip Prog	F	6	6	6	6
5401	22 Motor Carrier Services	E	4	4	6	6
5401	40 Aeron-	F	6	6	6	6
5401	50	F	6	6	6	6
Livestock 5603	1	D	3	0	1	0
DNRC 5706	4 Trust Land Dev	F	5	6	6	6
5706	21 Cent Services	F	5	6	6	6
	22 Oil & Gas	F	5	6	6	6
	23 Cons Res Dev Council	F	5	6	6	6
	24 Water Res Dev	F	5	6	6	6
5706	25Reserv Water Rights	F	5	6	6	6
5706	35 Forestry	C	1	1	1	1
Revenue 5801	1 Dir Ofc	A	4	4	4	2
5801	2 Operation	A	3	4	3	2
5801	5 Liquor	F	5	4	5	2
5801	6 Income Tax	A	3	4	5	2
5801	7 Nat' Res Corp Tax	A	3	4	5	2
5801	8 Property Tax	D	1	4	3	2
Admin 6101	6/Proc & Printing	A	1	5	5	1

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
6101	6/Prop & Supply	B	5	5	5	5
6101	6/Pub & Graphics	A	1	5	1	1
6101	3Acct & Mgmt	A	6	6	6	6
6101	4 Arch & Eng	A	5	5	5	5
6101	7 Info Serv Div	A	1	6	1	2
6101	8 Gen Services	A,F	6	6	6	6
6101	13 Mail Room	A	0	0	0	0
6101	23 St Personnel	A	5	6	6	5
6101	24 Risk Mgmt	A,C	1	6	1	1
6101	37 St Tax Appeal	A	6	6	6	6
AppellateDef 6102	1	F	5	5	5	5
6103 State Fund	all	D	6	6	6	3
PubEmpRet 6104	1 thru 9, 35	F	2	2	3	1
TeachRetire 6105	1	A	3	6	3	6
Agriculture 6201	15 Mgmt	A	6	6	6	6
6201	30 Ag Sciences	E	5	6	5	6
6201	50 Ag Develop	E	5	6	5	6
Pre-release 6401	Riverside Youth	E	5	5	0	1
6401	MSP Admin-Wallace Bldg	D	5	5	0	1
6401	MSP Sec. Fac.	D	5	5	0	1
6401	3/Pine Hills	E	5	5	0	1
6401	MCE	C	3	3	0	1
6401	TSCTC	E	5	5	0	1

# ADA REPORT

Agency	Program	Removing Physical Barriers	Implementation Progress			
			Services	Employment	Public Meetings	Staff Training
6401	JuvTrans Ctr	B	0	0	0	1
6401	Prob/Parole	B	0	1	0	1
6401	MWP	D	5	3	0	1
6401	DOC Central	A	0	4	3	3
Commerce 6501	2 Wts & Measures	D	6	6	6	6
6501	36 Financial	D	6	6	6	6
6501	39 Prof & Occ Lic	D	6	6	6	6
6501	51 Econ Develop	D	6	6	6	6
6501	52 Travel Montana					
6501	54 Sec 8					
6501	60 Local Govt Asst	D	6	6	6	6
6501	62 Local GovtServ	D	6	6	6	6
6501	64 Local Govt Asst	D	6	6	6	6
6501	65 Bldg Codes	D	6	6	6	6
6501	71 Health Fac Auth	D	6	6	6	6
6501	73 Sci & Tech All	D	6	6	6	6
6501	74 Bd of Housing	D	6	6	6	6
6501	75 Bd of Invest	D	6	6	6	6
6501	77 Mt Lottery	D	6	6	6	6
6501	78 Bd of HorseRac					
6501	79 Legal & Con Af	D	6	6	6	6
6501	81 Mgmt	D	6	6	6	6
Labor&Ind 6602	1 Job Service	F	6	6	6	3
6602	2 Unempl Insurance	F	5	5	5	5
6602	3 Cent Services	A	2	6	6	2

# ADA REPORT

			Implementation Progress			
Agency	Program	Removing Physical Barriers	Services	Employment	Public Meetings	Staff Training
6602	4 Empl Relations	E	3	4	3	2
6602	8 Human Rights	F	5	6	6	6
6602	9 Work Comp Ct	F	6	5	6	3
Mil Affairs 6701	1 Oper Support	C	1	5	4	1
6701	12 Army Nat'l Grd	D	2	6	6	3
6701	21 Dis & Emerg Sv	C	2	5	4	1
6701	31 VA	C	3	3	5	5
6701	13 Air Nat'l Grd	F	6	5	5	1
PHHS 6901	22MtVetsHome	D	4	4	4	4
6901	22MtVetsHome	D	4	4	4	4
6901	22 Sr & LTC	E	4	4	4	4
6901	3 Child & Fam Serv	D	4	4	4	4
6901	4 *See Below	D	4	4	4	4
6901	5 Child Support Enforce	F	5	5	5	5
6901	7 Health Pol&Serv	E	4	4	4	4
6901	8 QualityAssur	E	4	4	4	4
6901	9 Op & Tech	E	4	4	4	4
6901	10 Dis Services	D	4	4	4	4
6901	33 Addict & Mental Disorders	D	4	4	4	4

\* Statewide Advisory Councils, Native American Advisory Council, Office of Legal Affairs, Office of Human Resources, Office of State & Local Relations, Office of Public Information



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550 copies of this public document were published at an estimated cost of \$9.50 per copy, for a total cost of \$5,225.00, which includes \$5,225.00 for printing and \$.00 for distribution.